



金朝陽集團有限公司
SOUNDWILL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)
證券代號 Stock code: 0878

用心創建、共拓未來



中期報告
Interim Report 2009

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CORPORATE INFORMATION

Directors

Executive Directors:

FOO Kam Chu, Grace, *Chairman*

CHAN Wai Ling

TSE Chun Kong, Thomas

Non-Executive Directors:

LIANG Yanfeng, *Non-Executive Vice
Chairman*

MENG Qinghui

Independent Non-Executive Directors:

CHAN Kai Nang (*appointed on
11 March 2009*)

KWAN Kai Cheong

HO Suk Yin

Company Secretary

POON Chun Shing, Edwin

Auditors

Grant Thornton

Certified Public Accountants

Legal Advisors

Lo, Wong & Tsui

Conyers Dill & Pearman

Website

www.soundwill.com.hk

Head Office and Principal Place of Business

21/F, Soundwill Plaza

38 Russell Street

Causeway Bay

Hong Kong

Registered Office

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Banks

The Hongkong and Shanghai Banking
Corporation Limited

Hang Seng Bank Limited

DBS Bank (Hong Kong) Limited

Industrial and Commercial Bank
of China (Asia) Limited

Principal Share Registrar and Transfer Office

Butterfield Fund Services (Bermuda)
Limited

Rosebank Centre

11 Bermudiana Road

Pembroke HM 08

Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited

26/F Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

The Board of directors (the “Directors”) submit herewith the Interim Report and Consolidated Financial Statements of Soundwill Holdings Limited (the “Company”) and its subsidiaries (the “Group”) for the six months ended 30 June 2009. The consolidated statement of comprehensive income and condensed consolidated cash flow statement for the six months ended 30 June 2009 and the consolidated statement of financial position as at 30 June 2009 of the Group, all of which are unaudited, along with selected explanatory notes, are set out on pages 18 to 44 of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Hong Kong’s economic environment was seen improving in the first half of the year as the global economy stabilized. A number of new property developments launched during the first six months of 2009 recorded positive sales results, keeping the property market afloat while boosting investors’ confidence for the upcoming months. The central government’s recent advocacy of the “Issuance of Multiple-Entry Visas”, which endorses Shenzhen permanent residents multiple visits to Hong Kong within one year, has caused the number of tourists from the Mainland continue to grow. These tourists bring in solid economic benefits to the local retail and service industries and also avail the property leasing market as a result. Driven by such encouraging sentiments, the leasing business of the Group’s flagship property Soundwill Plaza was satisfactory. The Group’s overall financial performance also improved significantly as compared to the same period last year with profit mainly coming from a revaluation surplus on investment properties and the property assembling business.

Property Assembling

The Group continued to expand its property acquisition business. Through two public auctions held during the first half of the year, the Group successfully acquired over 97% of property title to 32 – 50 Haven Street. Upon complete acquisition, the project, with an approximately 12,413 sq. ft. site area, can be developed into a commercial construction of approximately 186,188 sq. ft. total gross floor area. It is now temporarily set for leasing purposes. The Group will acquire the remaining title with considerations on the market environment in order to exploit the future development of Haven Street as a whole and to further bring in substantial revenue. In addition, the Group completed transactions of the disposal of the properties on

Jones Street and Warren Street in Tai Hang at HK\$423 million during the period under review, the net profit after tax approximately HK\$129 million was reflected in the revenue of the first half of the year.

Property Development

The Group assembled 5-29 Tang Lung Street, Causeway Bay and is redeveloping the site into a Ginza-style commercial building that would feature international culinary outlets and fashionable labels. This project of approximately 113,600 sq. ft. total gross floor area is anticipated to become the area's brand new consumption hot spot upon completion. Furthermore, the Group planned to construct a new luxury residential development at 13-27 Warren Street, Tai Hang. With a site area of 8,848 sq. ft., the project will provide about 164 luxury units in approximately 79,632 sq. ft. total gross floor area. The Group is currently in the midst of designing the architectural blueprint and surrounding environment for the development and expects to be completed after 2011.

Property Leasing

As the market sentiments of the property and retail industries continued to be on the positive side in the first half of the year, fundraising activities in the market increased while retail and service businesses expanded. Soundwill Plaza, the Group's flagship property was benefited from intensifying demand for premium retail outlets and recorded satisfactory traffic and rental income. With approximately 20% of the leases renewed during the first half of 2009, Soundwill Plaza achieved a 99% occupancy rate and a 10% increment in total rental income as compared to the same period last year.

With substantial experiences, the Group continued to work closely with tenants in offering customers a diverse range of enticing privileges. A number of world renowned beauty labels were also introduced to sustain appeal, stimulating the flow of traffic as well as the rental business of Soundwill Plaza.

Business in Mainland China

The Group's business in developing urban infrastructure in the Mainland grew steadily with footprints reaching approximately 15 cities including Xian, Liuzhou, Xu Chang, etc. The Group also cooperated with a real estate development company in Zhuhai for the joint development of a new luxury residential project in Doumen. The project has been completed and is now up for sale, the profit of which is expected to be reflected in revenue by the end of 2009.

Property Management, E & M and Building Maintenance

The Group's four property management and maintenance subsidiaries handle property management and facility maintenance services for large-scale commercial buildings, small-to-medium-sized residential properties, estates, and shopping malls. These four subsidiaries totaled a turnover of approximately HK\$8,069,000 during the period under review (30 June 2008: approximately HK\$9,468,000).

Corporate Citizen

The Group actively participated in various community events such as charity sales to contribute back to the community during the period. The Group was also commended as a "Caring Company" once again, through which its benevolent efforts were recognized. As a responsible corporate citizen, the Group will continue to promote philanthropic initiatives and fulfill the responsibilities of an accountable enterprise.

Financial Review

For the six months ended 30 June 2009, the Group has recorded a turnover of HK\$552,750,000 (30 June 2008: HK\$113,175,000), representing an increase of 388% as compared with the same period last year. Such increase was mainly due to the significant growth in property assembling business in Hong Kong.

Net profit attributable to the owners of the Company was HK\$696,225,000 (30 June 2008: HK\$105,827,000), representing an increase of HK\$590,398,000 or 558% over the same period of last year. This increase was mainly due to an increase of HK\$412,608,000 in the gain on fair value adjustment on investment properties (net of deferred tax) as compared with same period last year.

If the gain on fair value adjustment on investment properties (net of deferred tax) were to be excluded, the Group's net profit attributable to the owners of the Company would be HK\$204,737,000 as compared with the same period of last year of HK\$26,947,000, representing an increase of 660%. This was mainly due to a net profit after tax on disposal of properties held for sale in Hong Kong of HK\$129,000,000 during the period under review.

As at 30 June 2009, the deferred tax liabilities of approximately HK\$809,852,000 are mainly derived from the fair value gain on investment properties and such amounts will be recognized as profits when the related investment properties are disposed.

The Company's basic earnings per share was HK\$2.91 as compared with the same period of last year of HK\$0.47.

Prospects

2008 was a year full of instabilities for the world's financial market. Hong Kong's economic development weakened as a result. Nevertheless, many relief measures launched progressively by the central government had shifted the Hong Kong economy back to the upturn. During the period under review, the local property market was on the ascending track as reflected by considerable appreciation of property value. Although the economy may not fully recover in the short run, prospects are still on the positive side. It is anticipated that the property market will continue to grow in a steady manner in the second half of 2009.

The Group will grasp these investment opportunities to expand its land reserve with relatively less capital, strengthening its property portfolio while amplifying appreciation potential. With its extensive experiences and industry foresight, the Group will also keep on expanding its urban renewal businesses as the demand for urban redevelopment continues to escalate in Hong Kong and strive for satisfactory return for its shareholders.

The Group will keep increasing the investment ratio on property development in Mainland China with a focus on the Guangdong and Fujian provinces. With its urban infrastructure development reaching many cities in Mainland China, the Group looks forward to further expanding its businesses among steady growth.

INTERIM DIVIDEND

The Directors do not recommend interim dividend for the six months ended 30 June 2009 (30 June 2008: Nil).

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2009, the Group cash and cash equivalents amounted to HK\$238,879,000 (31 December 2008: HK\$131,470,000). The Group's total borrowings as at 30 June 2009 were HK\$2,110,153,000 (31 December 2008: HK\$2,420,391,000).

The Group's gearing ratio, expressed as a percentage of total borrowings over total equity, was 46% as at 30 June 2009 (31 December 2008: 62%). As at 30 June 2009, the Group's net assets amounted to HK\$4,558,026,000 (31 December 2008: HK\$3,873,021,000), representing an increase of HK\$685,005,000. With the total number of ordinary shares in issue of 239,944,135 as at 30 June 2009 (31 December 2008: 239,184,135 shares), the net asset value per share was HK\$19.00 (31 December 2008: HK\$16.19).

The Group's exposure to foreign currency risk mainly arises from the exchange rate movement between Hong Kong Dollar and Renminbi in relation to its PRC operations. Given that the continuous appreciation of Renminbi would have positive impact on the Group's assets in the PRC and income generated from the PRC, the Group had not implemented any hedging measures during the period under review.

During the period, the Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its balance sheet exposures.

The total interest expenses for the six months ended 30 June 2009 amounted to HK\$13,388,000 (30 June 2008: HK\$32,825,000) representing a decrease of HK\$19,437,000, mainly due to a reduction in bank borrowings and interest rates during the period under review.

Notwithstanding that the Group had net current liabilities of approximately HK\$524,295,000 as at 30 June 2009, the directors consider the Group will be able to meet its obligation when they fall due for the following reasons: (i) on 14 and 29 July 2009, certain bankers of the Group have extended the maturities of loan facilities of HK\$181,500,000 and HK\$208,000,000 as at 30 June 2009 from 24 July 2009 and 31 August 2009 to 25 July 2011 and 31 July 2012 respectively; (ii) the unutilised portion of a revolving credit facility granted by a related company of HK\$71,655,000 as at 30 June 2009; (iii) a consistent cash inflow is generated from steady rental income; and (iv) the low gearing ratio of approximately 46% (expressed

as a percentage of total borrowings over total equity) as at 30 June 2009, together with the net assets of HK\$4,558,026,000, the Group should be able to secure additional loan facilities, if needed, to satisfy its short term liabilities.

DETAILS OF MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisitions and disposals of subsidiaries and associated companies during the six months ended 30 June 2009.

DISPOSAL OF SIGNIFICANT INVESTMENT HELD

The Group disposed of its properties held for sale located at Nos. 1-11 Jones Street and Nos. 3-11 Warren Street at a consideration of HK\$423,000,000. The transaction is duly completed on 27 February 2009. The transaction brings along with a net profit after tax of approximately HK\$129,000,000.

EMPLOYEES

There was no material change regarding the number and remuneration of the employees of the Group since the publication of the Company's 2008 annual report.

PLEDGE OF ASSETS

As at 30 June 2009, investment properties and properties under development of the Group with a total carrying value of approximately HK\$6,811,516,000 in total (31 December 2008: approximately HK\$6,518,522,000) were pledged to secure banking facilities for the Group.

DIRECTORS' INTERESTS AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

(a) Directors' interests in the Company

As at 30 June 2009, the interests of the Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which are required to be (i) notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(i) Long positions in shares:

Name of Director	Capacity	Number of Shares	Approximate Percentage of Shareholding
Foo Kam Chu, Grace	Interest of controlled corporation	170,940,028 (Note)	71.24
	Beneficial owner	96,585	0.04
Tse Chun Kong, Thomas	Interest of Spouse	6,000	0.00
	Beneficial owner	60,723	0.03

Note: The 170,940,028 shares are held by Ko Bee Limited, the entire issued share capital of which is held by Madam Foo Kam Chu, Grace.

(ii) Long positions in underlying shares of equity derivatives of the Company – interests in share options of the Company (being granted and remained outstanding):

Name	Capacity	Number of		Subscription	
		Shares in the Option	Exercisable Period	Price of Grant (HK\$)	Price per Share (HK\$)
Foo Kam Chu, Grace	Beneficial owner	600,000	18/1/2008 to 21/7/2012	1.00	6.17
		600,000	27/4/2009 to 21/7/2012	1.00	1.76
Chan Wai Ling	Beneficial owner	2,000,000	18/1/2008 to 21/7/2012	1.00	6.17
		2,000,000	27/4/2009 to 21/7/2012	1.00	1.76
Tse Chun Kong, Thomas	Beneficial owner	90,000	6/1/2005 to 5/1/2010	1.00	1.47
		90,000	4/1/2006 to 3/1/2011	1.00	2.38
		90,000	20/5/2007 to 19/5/2012	1.00	2.52
		90,000	18/1/2008 to 21/7/2012	1.00	6.17
		90,000	27/4/2009 to 21/7/2012	1.00	1.76
Meng Qinghui	Beneficial owner	90,000	6/1/2005 to 5/1/2010	1.00	1.47
		90,000	4/1/2006 to 3/1/2011	1.00	2.38
		90,000	20/5/2007 to 19/5/2012	1.00	2.52
		90,000	18/1/2008 to 21/7/2012	1.00	6.17
		90,000	27/4/2009 to 21/7/2012	1.00	1.76
Liang Yanfeng	Beneficial owner	90,000	20/5/2007 to 19/5/2012	1.00	2.52
		90,000	18/1/2008 to 21/7/2012	1.00	6.17
		90,000	27/4/2009 to 21/7/2012	1.00	1.76

(b) Director's interests in Associated Corporation

Name of Director	Name of Associated Corporation	Capacity	Number and Class of Shares	Percentage of Shareholding
Foo Kam Chu, Grace	Ko Bee Limited	Beneficial owner	1 ordinary share	100

Save as disclosed above, as at 30 June 2009, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The Company has a share option scheme adopted on 22 July 2002, details of which are as follows:

Name of grantee	Date of grant	Closing price immediately preceding the date of grant (HK\$)	Exercise price (HK\$)	Weighted average closing price of shares immediately before exercise date (HK\$)	Exercisable period	Number of Options			As at 30 June 2009
						As at 1 January 2009	Granted during the 6 months period ended 30 June 2009	Exercised / *Cancelled/ ** Lapsed/ during the 6 months period ended 30 June 2009	
Directors									
Foo Kam Chu, Grace	19/7/2007	6.17	6.17	N/A	18/1/2008 to 21/7/2012	600,000	–	–	600,000
	28/10/2008	1.50	1.76	N/A	27/4/2009 to 21/7/2012	600,000	–	–	600,000
Chan Wai Ling	19/7/2007	6.17	6.17	N/A	18/1/2008 to 21/7/2012	2,000,000	–	–	2,000,000
	28/10/2008	1.50	1.76	N/A	27/4/2009 to 21/7/2012	2,000,000	–	–	2,000,000
Tse Chun Kong, Thomas	14/7/2003	1.50	1.50	1.90	8/1/2004 to 7/1/2009	60,000	–	60,000	–
	6/7/2004	1.45	1.47	N/A	6/1/2005 to 5/1/2010	90,000	–	–	90,000
	4/7/2005	2.35	2.38	N/A	4/1/2006 to 3/1/2011	90,000	–	–	90,000
	21/11/2006	2.53	2.52	N/A	20/5/2007 to 19/5/2012	90,000	–	–	90,000
	19/7/2007	6.17	6.17	N/A	18/1/2008 to 21/7/2012	90,000	–	–	90,000
	28/10/2008	1.50	1.76	N/A	27/4/2009 to 21/7/2012	90,000	–	–	90,000
Kwan Chai Ming	19/7/2007	6.17	6.17	N/A	18/1/2008 to 21/7/2012	150,000	–	**150,000 (Note)	–
	28/10/2008	1.50	1.76	2.63	27/4/2009 to 21/7/2012	150,000	–	150,000	–

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Name of grantee	Date of grant	Closing price immediately preceding the date of grant (HK\$)	Exercise price (HK\$)	Weighted average closing price of shares immediately before exercise date (HK\$)	Exercisable period	Number of Options			As at 30 June 2009
						As at 1 January 2009	Granted during the 6 months period ended 30 June 2009	Exercised / *Cancelled/ ** Lapsed/ during the 6 months period ended 30 June 2009	
Meng Qinghui	16/7/2003	1.50	1.50	N/A	8/1/2004 to 7/1/2009	60,000	–	**60,000	–
	6/7/2004	1.45	1.47	N/A	6/1/2005 to 5/1/2010	90,000	–	–	90,000
	4/7/2005	2.35	2.38	N/A	4/1/2006 to 3/1/2011	90,000	–	–	90,000
	19/12/2006	2.69	2.52	N/A	20/5/2007 to 19/5/2012	90,000	–	–	90,000
	19/7/2007	6.17	6.17	N/A	18/1/2008 to 21/7/2012	90,000	–	–	90,000
	28/10/2008	1.50	1.76	N/A	27/4/2009 to 21/7/2012	90,000	–	–	90,000
Liang Yanfeng	8/1/2007	2.60	2.52	N/A	20/5/2007 to 19/5/2012	90,000	–	–	90,000
	19/7/2007	6.17	6.17	N/A	18/1/2008 to 21/7/2012	90,000	–	–	90,000
	28/10/2008	1.50	1.76	N/A	27/4/2009 to 21/7/2012	90,000	–	–	90,000
Other employees	19/7/2007	6.17	6.17	N/A	18/1/2008 to 21/7/2012	2,750,000	–	*50,000	2,700,000
	28/10/2008	1.50	1.76	3.10	27/4/2009 to 21/7/2012	3,080,000	–	*50,000 / 550,000	2,480,000
						12,620,000	–	1,070,000	11,550,000

Note: The share options lapsed by reason of Director's resignation.

DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed above, at no time during the six months ended 30 June 2009, were rights to subscribe for equity or debt securities of the Company granted to any Director or chief executive of the Company or to the spouse or children under 18 years of age of any such Director or chief executive as recorded in the register required to be kept under Part XV of the SFO, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable any such persons to acquire any such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, the persons other than a Director or chief executive of the Company who has an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were as follows:

Long positions in shares

Name of Shareholder	Capacity	Number of Shares	Approximate Percentage of Shareholding
Ko Bee Limited	Beneficial owner	170,940,028	71.24

Save as disclosed above, as at 30 June 2009, the Company has not been notified of any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

CONTINGENT LIABILITIES

During the course of business, certain bank accounts were opened and held in the name of certain subsidiaries on behalf of third parties to whom these subsidiaries provided building management services. As at period end date, those bank balances which were held on behalf of third parties and were not accounted for in the books of account and interim financial statements of the Group amounted to HK\$5,618,000 (31 December 2008: HK\$5,293,000).

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

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

BOARD OF DIRECTORS

During the first half of 2009, there have been 2 changes to the Board:

1. Mr. Chan Kai Nang was appointed an independent non-executive Director, chairman of the audit committee and a member of the remuneration committee of the Company with effect from 11 March 2009.
2. Mr. Kwan Chai Ming resigned as an executive director, a member of remuneration committee, company secretary and authorized representative of the Company on 1 June 2009.

AUDIT COMMITTEE

The Audit Committee comprising three independent non-executive directors has reviewed with management, the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30 June 2009.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2009 except that:

(1) Code Provision A.2.1

Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The roles of the chairman and chief executive officer are not separated and performed by two different individuals. Madam Foo Kam Chu, Grace is the founder and Chairman of the Group. She is responsible for the Group’s overall development direction and strategies. The Chairman ensures the Board functions effectively and discharges its responsibilities. There is no chief executive officer appointed and the daily operations of the Group are delegated to other executive directors, the management and various department heads.

(2) Code Provision A.4.1

Code Provision A.4.1 provides that non-executive directors should be appointed for a specific term.

The non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at annual general meetings in accordance with the Company’s Bye-Laws.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)

The Company has adopted a code of conduct regarding directors’ securities dealing transactions on term no less than the required standard set out in the Model Code (Appendix 10 of the Listing Rules).

Having made specific enquiry, all Directors have complied with the required standard set out in the Model Code during the period under review.

APPRECIATION

As a final note, I wish to take this opportunity to thank the Directors and staff for their contributions and good performance during the period.

By order of the Board

Foo Kam Chu, Grace

Chairman

Hong Kong, 18 September 2009

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Turnover		552,750	113,175
Cost of sales		(303,320)	(7,588)
Gross profit		249,430	105,587
Other income	4	2,326	1,446
Administrative expenses		(35,412)	(37,292)
Other operating expenses		(299)	(5,713)
Loss on disposal of a subsidiary		(16)	—
Gain on fair value adjustment on investment properties	9	584,336	96,130
Write-down of properties held for sale to net realisable value		—	(5,147)
Gain on disposal of an investment property		—	9,537
Gain on disposal of a property held for development		18,004	—
Profit from operations	5	818,369	164,548
Finance costs	6	(13,388)	(32,825)
Share of profits less losses of a jointly-controlled entity		(26)	(9)
Profit before income tax		804,955	131,714
Income tax expense	7	(108,789)	(26,163)
Profit for the period		696,166	105,551
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		449	3,767
Surplus on revaluation of leasehold building		2,622	4,778
Deferred tax liabilities arising from asset revaluation reserve of leasehold building		(433)	(788)
Other comprehensive income for the period		2,638	7,757
Total comprehensive income for the period		698,804	113,308

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(CONTINUED)**

		Six months ended 30 June	
		2009	2008
		(Unaudited)	(Unaudited)
<i>Notes</i>		HK\$'000	HK\$'000
Profit for the period attributable to:			
	— Owners of the Company	696,225	105,827
	— Minority interests	(59)	(276)
		696,166	105,551
Total comprehensive income attributable to:			
	— Owners of the Company	698,863	113,584
	— Minority interests	(59)	(276)
		698,804	113,308
Earnings per share for profit attributable to the owners of the Company			
	— Basic	8 HK\$2.91	HK\$0.47
	— Diluted	8 HK\$2.90	HK\$0.47

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	9	6,706,681	6,083,771
Operating lease prepayment		11,516	11,523
Property, plant and equipment		41,600	39,655
Properties held for development		93,899	107,644
Interests in associates		113	113
Interests in a jointly-controlled entity		24,618	24,593
Available-for-sale financial assets		10	11
Intangible assets		7,025	7,230
Deposit for property development		10,461	10,461
		6,895,923	6,285,001
Current assets			
Inventories		28,000	32,708
Properties held for sale		—	279,480
Properties under development		341,532	278,616
Trade and other receivables	10	65,721	70,579
Available-for-sale financial assets		21,282	19,687
Deposits paid for acquisition of properties		9,840	19,046
Amount due from a minority shareholder		5,427	5,427
Bank deposit at escrow account		—	197,452
Cash and cash equivalents	11	238,879	131,470
		710,681	1,034,465

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
	<i>Notes</i>		
Current liabilities			
Trade and other payables	12	97,472	292,202
Current portion of borrowings	13	1,106,403	707,441
Provision for income tax		31,101	19,152
		1,234,976	1,018,795
Net current (liabilities)/assets		(524,295)	15,670
Total assets less current liabilities		6,371,628	6,300,671
Non-current liabilities			
Borrowings	13	1,003,750	1,712,950
Deferred tax liabilities		809,852	714,700
		1,813,602	2,427,650
Net assets		4,558,026	3,873,021
EQUITY			
Equity attributable to Company's owners			
Share capital	14	23,994	23,918
Reserves		4,500,619	3,815,631
		4,524,613	3,839,549
Minority interests		33,413	33,472
Total equity		4,558,026	3,873,021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009 (unaudited)

Equity attributable to the owners of the Company

	Share capital	Share premium	Assets revaluation reserve	Other equity reserve	Employee share-based equity reserve	Retained earnings	Exchange reserve	Special reserve	Proposed final dividend	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2009	23,918	285,789	24,829	-	14,852	3,457,905	13,661	1,848	16,747	3,839,549	33,472	3,873,021
Declared final dividend for 2008	-	-	-	-	-	-	-	-	(16,780)	(16,780)	-	(16,780)
Under-provision of final dividend for 2008	-	-	-	-	-	(33)	-	-	33	-	-	-
Equity-settled share-based payment	-	-	-	-	1,659	-	-	-	-	1,659	-	1,659
Exercise of share options	76	1,543	-	-	(297)	-	-	-	-	1,322	-	1,322
Lapse of share options	-	-	-	-	(486)	486	-	-	-	-	-	-
Transaction with owners	76	1,543	-	-	876	453	-	-	(16,747)	(13,799)	-	(13,799)
Profit for the period	-	-	-	-	-	696,225	-	-	-	696,225	(59)	696,166
Other comprehensive income												
Exchange gain on translation of financial statements of foreign operations	-	-	-	-	-	-	449	-	-	449	-	449
Suplurs on revaluation of leasehold building	-	-	2,622	-	-	-	-	-	-	2,622	-	2,622
Deferred tax liabilities arising from asset revaluation reserve of leasehold building	-	-	(433)	-	-	-	-	-	-	(433)	-	(433)
Total comprehensive income for the period	-	-	2,189	-	-	696,225	449	-	-	698,863	(59)	698,804
At 30 June 2009	23,994	287,332	27,018	-	15,728	4,154,583	14,110	1,848	-	4,524,613	33,413	4,558,026

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2008 (unaudited)
Equity attributable to the owners of the Company

	Share capital	Share premium	Asset revaluation reserve	Other equity reserve	Employee share-based equity reserve	Retained profits	Exchange reserve	Special reserve	Proposed final dividend	Total	Minority interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2008	22,383	260,409	20,691	94	13,582	3,312,181	8,521	1,848	15,668	3,655,377	22,052	3,677,429
Declared final dividend for 2007	-	-	-	-	-	-	-	-	(15,668)	(15,668)	-	(15,668)
Equity-settle share-based payment	-	-	-	-	1,246	-	-	-	-	1,246	-	1,246
Exercise of share options	120	3,295	-	-	(905)	-	-	-	-	2,510	-	2,510
Conversion of convertible bond	1,415	22,084	-	(94)	-	-	-	-	-	23,405	-	23,405
Transactions with owners	1,535	25,379	-	(94)	341	-	-	-	(15,668)	11,493	-	11,493
Profit for the period	-	-	-	-	-	105,827	-	-	-	105,827	(276)	105,551
Other comprehensive income												
Exchange gain on translation of financial statements of foreign operations	-	-	-	-	-	-	3,767	-	-	3,767	-	3,767
Surplus on revaluation of leasehold building	-	-	4,778	-	-	-	-	-	-	4,778	-	4,778
Deferred tax liabilities arising from asset revaluation reserve of leasehold building	-	-	(788)	-	-	-	-	-	-	(788)	-	(788)
Total comprehensive income for the period	-	-	3,990	-	-	105,827	3,767	-	-	113,584	(276)	113,308
At 30 June 2008	23,918	285,788	24,681	-	13,923	3,418,008	12,288	1,848	-	3,780,454	21,776	3,802,230

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<i>Note</i>	Six months ended 30 June	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Net cash inflow/(outflow) from operating activities		430,366	(263,475)
Net cash inflow/(outflow) from investing activities		2,186	(100,170)
Net cash (outflow)/inflow from financing activities		(325,696)	327,535
Increase /(Decrease) in cash and cash equivalents		106,856	(36,110)
Cash and cash equivalents at beginning of period		131,470	66,052
Translation difference		553	2,837
Cash and cash equivalents at end of period	11	238,879	32,779

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2009

1. Basis of Preparation

This unaudited interim financial report has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2008, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as disclosed in note 2 to this interim financial report.

This interim financial report does 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 2008.

The interim financial statements have been prepared on the going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding that the Group had net current liabilities of approximately HK\$524,295,000 as at 30 June 2009. The directors consider the Group will be able to meet its obligation when they fall due for the following reasons: (i) on 14 and 29 July 2009, certain bankers of the Group have extended the maturities of loan facilities of HK\$181,500,000 and HK\$208,000,000 as at 30 June 2009 from 24 July 2009 and 31 August 2009 to 25 July 2011 and 31 July 2012 respectively; (ii) the unutilised portion of a revolving credit facility granted by a related company of HK\$71,655,000 as at 30 June 2009; (iii) a consistent cash inflow is generated from steady rental income; and (iv) the low gearing ratio of approximately 46% (expressed as a percentage of total borrowings over total equity) as at 30 June 2009, together with the net assets of HK\$4,558,026,000, the Group should be able to secure additional loan facilities, if needed, to satisfy its short term liabilities.

2. Adoption of New or Amended HKFRSs

In the current period, the Group has applied for the first time the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 January 2009.

- HKAS 1 (Revised 2007) Presentation of financial statements
- HKAS 23 (Revised) Borrowing costs
- HKFRS 1 and HKAS 27 (Amendment) Cost of an investment in a subsidiary, jointly controlled entity or an associate
- HKFRS 2 (Amendment) Share-based payment — vesting conditions and cancellations
- HKFRS 8 Operating segments
- HK(IFRIC) — Int 15 Agreements for the construction of real estate
- Various — Annual improvements to HKFRSs 2008

Other than as noted below, the adoption of these new and revised HKFRSs did not change the Group's accounting policies as followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

HKAS 1 (Revised 2007) Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example revaluation of property, plant and equipment. HKAS 1 affects the presentation of owner changes in equity and introduces a "Statement of comprehensive income". Comparatives have been restated to conform with the revised standard.

2. Adoption of New or Amended HKFRSs (Continued)

HKAS 27 Amendments – Costs of an investment in a subsidiary

The amendment requires the investor to recognise dividends from a subsidiary, jointly controlled entity or associate in profit or loss irrespective the distributions is out of the investee's pre-acquisition or post-acquisitions reserves. In prior years, the Company recognised dividends out of pre-acquisition reserves as a recovery of its investment in the subsidiaries (i.e. a reduction of the cost of investment). Only dividends out of post-acquisitions reserves were recognised as income in profit or loss.

Under the new accounting policy, if the dividend distribution is excessive, the investment would be tested for impairment according to the Company's accounting policy on impairment of non-financial assets.

HKFRS 8 Operating segments

Under HKFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. The directors consider the adoption of HKFRS 8 has not changed the identified operating segment for the Group compared to 2008 annual financial statements, and therefore no comparatives have been restated.

2. Adoption of New or Amended HKFRSs (Continued)

Annual improvements to HKFRSs 2008

In October 2008, the HKICPA issued its first Annual improvements to HKFRSs which set out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. Of these, the amendments to HKAS 28 “Investments in associates” and HKAS 40 “Investment property” have changed the Group’s accounting policies an allocation of impairment losses and recognition of investment properties under construction but did not have any impact on the current interim period results and financial position.

(i) Impairment of investments in associates and jointly controlled entities accounted for under the equity method

The amendment clarifies that an investment in an associate accounted for under the equity method is a single asset for impairment testing purpose. Any impairment loss recognised by the investor after applying the equity method is not allocated to individual assets including goodwill included in the investment balance. Accordingly, any reversal of such impairment loss in subsequent period is recognised to the extent that the recoverable amount of the associate increases.

The new policy also applies to the Group’s investment in the jointly controlled entity which is equity accounted for in the consolidated statement of financial position.

For the current interim period, there was no impairment loss on investments in associates and jointly controlled entities, and therefore the adoption of this new accounting policy had no financial statements impact in this interim period. The new accounting policy has been applied prospectively as permitted by the amendment and no comparatives have been restated.

2. Adoption of New or Amended HKFRSs (Continued)

Annual improvements to HKFRSs 2008 (Continued)

(ii) *Investment properties under construction*

The adoption of the amendments to HKAS 40 brings property that is being constructed or developed for future use as an investment property within the scope of the standard. Accordingly, the Group's accounting policies to measure investment properties as fair value become applicable to these properties. Investment property under construction will be measured at fair value from the earlier of the date when fair value first becomes reliably measurable and completion of the property. Fair value gain or loss is recognised in profit or loss. Previously HKAS 16 Property, plant and equipment applied to such property until completion. Such property was measured at cost less impairment until completion at which time it was transferred to investment property at fair value with the difference between the fair value and the previous carrying amount recognised in profit or loss. This new accounting policy has been applied prospectively from 1 January 2009.

For the current interim period, there was no property under construction for future use that previously classified as property, plant and equipment and therefore the adoption of this new accounting policy had no financial statements impact in this interim period. The new accounting policy has been applied prospectively as permitted by the amendment and no comparatives have been restated.

2. Adoption of New or Amended HKFRSs (Continued)

Impact of new and revised HKFRSs that have been issued but are not yet effective in the current interim period

The Group has not early applied the following new and revised HKFRSs relevant to the Group's interim financial statements that have been issued but not yet effective in these financial statements which are effective for periods beginning on or after 1 July 2009.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 39 (Amendments)	Eligible Hedged Items ¹
HKFRS 1 (Revised)	First-time Adoption of HKFRS ¹
HKFRS 2 (Amendments)	Share-based payment — Group Cash settled Share-based Payment Transactions ³
HKFRS 3 (Revised) and HKAS 27 (Revised)	Business Combinations and Consolidated and Separate Financial Statements ¹
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC) – Int 18	Transfer of Assets from Customers ²
Various	Annual Improvements to HKFRSs 2009 ³

Notes:

¹ Effective for annual periods beginning on or after 1 July 2009

² Effective for transfer received on or after 1 July 2009

³ Generally effective for annual periods beginning on or after 1 January 2010

3. Segment Information

On adoption of HKFRS 8 *Operating segments*, the Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance. The business components in the internal reporting to the executive directors are determined following the Group's major business nature which the executive directors are provided with discrete financial information about the different business nature. The Group has identified the following reportable segments.

3. Segment Information (Continued)

Property assembling business	:	Property assembly and trading
Property development	:	Property development and sale of properties
Property leasing	:	Property rental including signage rental
Building management and other services	:	Provision of property management, repairs and maintenance services
Urban infrastructure	:	Urban infrastructure development

Each of these operating segments is managed separately as each of these business requires different resources as well as strategies. The directors consider the adoption of HKFRS 8 has not changed the identified operating segment for the Group compared to 2008 annual financial statements.

Under HKFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the executive directors. The executive directors assess segment profit or loss using a measure of operating profit. The measurement policies the Group uses for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements, except that certain items are not included in arriving at the operating results of the operating segments (share of profits less losses of a jointly controlled entity accounted for using the equity method, finance costs and income tax).

Segment assets include all assets but interests in associates and interests in a jointly control entity.

3. Segment Information (Continued)

Information regarding the Group's reportable segments as provided to the Group's executive directors is set out below:

	Six months ended 30 June 2009 (Unaudited)							Total HK\$'000
	Property assembling business HK\$'000	Property development HK\$'000	Property leasing HK\$'000	Building management and other services HK\$'000	Urban infrastructure HK\$'000	Others HK\$'000	Elimination HK\$'000	
Segment revenue								
External customers	423,000	–	98,840	8,069	22,841	–	–	552,750
Inter-segments	8,100	–	3,191	–	–	88,394	(99,685)	–
	431,100	–	102,031	8,069	22,841	88,394	(99,685)	552,750
Segment results	12,021	(2,054)	57,681	4,011	1,670	137,684	–	211,013
Inter-segments	122,978	–	32,249	201	–	(155,428)	–	–
Contribution from operations	134,999	(2,054)	89,930	4,212	1,670	(17,744)	–	211,013
Gain on fair value adjustment on investment properties	–	–	584,336	–	–	–	–	584,336
Gain on disposal of a property held for development	–	18,004	–	–	–	–	–	18,004
	134,999	15,950	674,266	4,212	1,670	(17,744)	–	813,353
Unallocated income and expenses								5,032
Loss on disposal of a subsidiary								(16)
Profit from operations								818,369
Finance costs								(13,388)
Share of profits less losses of a jointly-controlled entity								(26)
Profit before income tax								804,955
Income tax expense								(108,789)
Profit for the period								696,166
Attributable to:								
– Owners of the Company								696,225
– Minority interests								(59)
Profit for the period								696,166
Segment assets	43,098	410,957	6,880,194	7,397	185,830	54,397	–	7,581,873
Interests in associates								113
Interests in a jointly-controlled entity								24,618
Total assets								7,606,604

3. Segment Information (Continued)

	Six months ended 30 June 2008 (Unaudited)							
	Property assembling business HK\$'000	Property development HK\$'000	Property leasing HK\$'000	Building management and other services HK\$'000	Urban infrastructure HK\$'000	Others HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment revenue								
External customers	–	–	93,012	9,468	10,687	8	–	113,175
Inter-segments	–	–	3,879	1,532	–	–	(5,411)	–
	–	–	96,891	11,000	10,687	8	(5,411)	113,175
Segment results	(8,932)	(1,493)	91,206	442	(2,923)	1,810	–	80,110
Inter-segments	942	–	(1,992)	201	–	849	–	–
Contribution from operations	(7,990)	(1,493)	89,214	643	(2,923)	2,659	–	80,110
Gain on fair value adjustment on investment properties	–	–	96,130	–	–	–	–	96,130
Write-down of properties held for sale to net realisable value	(5,147)	–	–	–	–	–	–	(5,147)
Gain on disposal of an investment property	–	–	9,537	–	–	–	–	9,537
	(13,137)	(1,493)	194,881	643	(2,923)	2,659	–	180,630
Unallocated income and expenses								(16,082)
Profit from operations								164,548
Finance costs								(32,825)
Share of profits less losses of a jointly-controlled entity								(9)
Profit before income tax								131,714
Income tax expense								(26,163)
Profit for the period								105,551
Attributable to:								
– Owners of the Company								105,827
– Minority interests								(276)
Profit for the period								105,551
Segment assets	1,055,600	132,999	5,556,100	6,531	86,477	5,522	–	6,843,229
Interest in associates								100
Interest in a jointly-controlled entity								24,464
Total assets								6,867,793

4. Other Income

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Interest income	324	133
Miscellaneous income	1,959	1,313
Write back of provision for impairment of amounts due from associates	43	—
	2,326	1,446

5. Profit from Operations

Profit from operations is arrived at after charging:

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Depreciation	1,778	1,227
Staff cost (including directors' remuneration)	18,045	19,242
Amortisation of operating lease prepayment	7	7
Amortisation of intangible assets	223	430
Impairment loss on goodwill	—	4,168
Amortisation of properties held for development	1,040	608
Cost of inventories recognised as expenses	14,218	5,138
Provision for impairment of trade receivables	—	6
Operating lease charges in respect of premises	1,249	1,202
Deposits for property acquisition written off	70	1,106

6. Finance Costs

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Interest charges on:		
Bank loans		
— wholly repayable within five years	14,167	27,647
— not wholly repayable within five years	2,923	4,818
Other borrowings wholly repayable within five years	—	42
Convertible bond	—	318
Total borrowing costs	17,090	32,825
<i>Less: Interest capitalised in investment properties under construction (note 9)</i>	(3,702)	—
	13,388	32,825

7. Income Tax Expense

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
The charge comprises:		
Hong Kong profits tax	14,089	8,916
Deferred tax	94,700	17,247
	108,789	26,163

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong.

7. Income Tax Expense (Continued)

The Group's certain subsidiaries established and operating in the Mainland China (the "PRC") are exempted from PRC enterprise income tax for the first two profitable years of operations, and thereafter, are eligible for a 50% relief from PRC enterprise income tax for the following three years ("tax holiday") under the Income Tax Law of the PRC. Remaining subsidiaries operating in the PRC are subject to PRC enterprise income tax rate of 25%.

Pursuant to the PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007, the new enterprise income tax rates for domestic and foreign enterprises are unified at 25%, effective from 1 January 2008. According to the implementation rules dated 26 December 2007, the foreign-invested enterprises are entitled to tax holidays under the old regime, if the enterprises obtained their business licenses before 16 March 2007. In this connection, the above mentioned tax holiday will continue to be applicable to the Group's certain PRC subsidiaries.

8. Earnings Per Share

The calculation of basic earnings per share is based on the unaudited consolidated profit attributable to the owners of the Company of approximately HK\$696,225,000 (30 June 2008: approximately HK\$105,827,000) and the weighted average of 239,374,248 shares (30 June 2008: 226,234,666 shares) in issue during the six months ended 30 June 2009.

The calculation of diluted earnings per share is based on the adjusted net profit attributable to the owners of the Company of HK\$696,225,000 (30 June 2008: HK\$105,827,000) and the weighted average of 239,892,305 shares (30 June 2008: 226,678,878 shares) in issue during the period adjusted for the effect of all dilutive shares.

The adjusted net profit attributable to the owners of the Company for the period is HK\$696,225,000 which is the same as the unaudited consolidated profit attributable to the owners of the Company as there is no change in income or expenses that would result from the conversion of the dilutive potential ordinary shares.

8. Earnings Per Share (Continued)

The weighted average number of shares used in calculation of diluted earnings per share is calculated based on the weighted average of 239,374,248 shares (30 June 2008: 226,234,666 shares) in issue during the period plus the weighted average of 518,057 shares (30 June 2008: 444,212 shares) deemed to be issued at no consideration as if all the dilutive potential shares been issued.

9. Investment Properties

Changes to the carrying amounts presented in the consolidated statement of financial position can be summarised as follow:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Carrying amount at 1 January	6,083,771	5,380,282
Additions	26,097	150,667
Disposals	—	(37,850)
Net transfer from properties held for sale	8,775	586,637
Net gain/(loss) on fair value adjustments	584,336	(135)
Interest capitalised in investment properties under construction (<i>note 6</i>)	3,702	4,170
Carrying amount at 30 June/31 December	6,706,681	6,083,771

9. Investment Properties (Continued)

The investment properties of the Group were revalued at 30 June 2009 by an independent professional valuer, B. I. Appraisals Limited. In determining the fair value, the valuers have used the value on an existing use basis which involves certain estimates, including comparable market transactions, appropriate capitalisation rates and reversionary income potential. Certain investment properties under construction were revalued on redevelopment basis by adopting the residual site method. The residual site method is determined by deducting from the gross development value the estimated total cost of the development including cost of construction, professional fee, finance cost, associated costs and an allowance for developer's risk and profit. The net gain on fair value adjustment has been credited to consolidated statement of comprehensive income for the period.

The Group's interest in investment properties are situated in Hong Kong and their carrying amount are analysed as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Held on lease over 50 years	6,685,331	6,063,091
Held on lease from 10 to 50 years	21,350	20,680
	6,706,681	6,083,771

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

10. Trade and Other Receivables

As at balance sheet date, trade receivables included in trade and other receivables were approximately HK\$50,123,000 (31 December 2008: approximately HK\$63,073,000). The credit terms of the Group range from 60 to 90 days. Based on the invoices dates, the aging analysis of trade receivables was set out below:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
0 – 30 days	24,986	36,057
31 – 90 days	2,582	6,834
91 – 180 days	5,632	5,575
Over 180 days	16,923	14,607
Total trade receivables	50,123	63,073

11. Cash and Cash Equivalents

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Bank and cash balances	158,861	82,170
Short-term bank deposits	80,018	49,300
	238,879	131,470

The effective interest rate of short-term bank deposit for the period was ranged from 0.02% to 0.22% (31 December 2008: ranged from 0.12% to 3%) per annum. The deposit has maturity period ranging from 14 to 32 days (31 December 2008: ranging from 8 to 15 days) and is eligible for immediate cancellation without receiving any interest for the last deposit period.

Included in bank and cash balances of the Group is HK\$98,566,000 (31 December 2008: HK\$68,256,000) of bank balances denominated in Renminbi placed with banks in the PRC.

12. Trade and Other Payables

As at balance sheet date, trade payables included in trade and other payables were approximately HK\$17,393,000 (31 December 2008: approximately HK\$21,410,000). The Group was granted credit periods by its suppliers ranging from 30 to 60 days. Based on the invoices dates, the aging analysis of trade payables was set out below:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
0 – 30 days	6,882	8,804
31 – 90 days	1,178	2,785
Over 90 days	9,333	9,821
Total trade payables	17,393	21,410

13. Borrowings

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Non-current		
Bank loans — secured	1,003,750	1,712,950
Current		
Bank loans — secured	1,078,058	679,173
Other loans	28,345	28,268
	1,106,403	707,441
Total borrowings	2,110,153	2,420,391

As at 30 June 2009, borrowings are repayable as follows:

	30 June 2009 (Unaudited)		31 December 2008 (Audited)	
	Bank loans- secured HK\$'000	Other loans HK\$'000	Bank loans- secured HK\$'000	Other loans HK\$'000
On demand or within 1 year	1,078,058	28,345	679,173	28,268
After 1 year but not exceeding 2 years	293,500	—	1,062,000	—
After 2 years but not exceeding 5 years	543,950	—	502,250	—
After 5 years	166,300	—	148,700	—
Total	2,081,808	28,345	2,392,123	28,268

14. Share Capital

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Authorized:		
5,000,000,000 ordinary shares of HK\$0.10 each	500,000	500,000
	Number of Shares	Nominal value HK\$'000
Issued and fully paid:		
As at 1 January 2009	239,184,135	23,918
Exercise of share options	760,000	76
As at 30 June 2009	239,944,135	23,994

15. Related Party Transactions

- (a) A subsidiary of the Company entered into a tenancy agreement with a related company which is in association with the Chairman and an executive director of the Company for leasing a residential property situated in Hong Kong for a period of three years commencing from 1 May 2007 and expiring on 30 April 2010 at the monthly rental of HK\$80,000. Total rental paid for the six months ended 30 June 2009 amounted to HK\$480,000 (30 June 2008: HK\$480,000).
- (b) On 29 December 2008, a wholly owned subsidiary of the Company entered into a tenancy agreement with a related company, in which the Chairman and an executive director of the Company have interests, for leasing a property situated at Guangzhou, PRC for office purpose at monthly rental and management charge at RMB56,932 for a period of 24 months from 1 January 2009 to 31 December 2010. Total rental and management charges paid for the six months ended 30 June 2009 amounted to HK\$388,398 (30 June 2008: HK\$358,081).

15. Related Party Transactions (Continued)

- (c) On 16 April 2008, a related company in which the Chairman and an executive director of the Company have interests, provided to a wholly owned subsidiary of the Company an unsecured revolving credit facility up to a maximum total principal amount of HK\$100,000,000 with interest rate at prime lending rate for Hong Kong dollars plus 1% per annum. The purpose of granting this unsecured revolving credit facility is to replace a previous unsecured revolving credit facility with a maximum total principal amount of HK\$100,000,000. The final maturity date is on 30 April 2011. As at the balance sheet date, approximately HK\$28,345,000 (31 December 2008: approximately HK\$28,268,000) was utilized.

16. Future Operating Lease Arrangements

The Group leases its investment properties under operating leases with average lease terms of 1 to 3 years. The future aggregate minimum lease receipt under non-cancellable operating leases in respect of land and buildings are as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Within one year	227,917	113,414
In the second to fifth years inclusive	174,950	58,742
	402,867	172,156

17. Commitments**(a) Operating lease commitments**

As at 30 June 2009, the Group had total future aggregate minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Within one year	7,984	7,348
In the second to fifth years inclusive	387	320
	8,371	7,668

(b) Capital commitments

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Contracted but not provided for:		
— Property development	2,482	2,482
— Acquisition of properties	40,490	49,426
— Capital contribution to subsidiaries in the PRC	18,484	29,357
	61,456	81,265

All capital commitments are due for contribution in the coming twelve months.



金朝陽集團有限公司
SOUNDWILL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)