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Asian Growth Properties Limited
19 August 2011

ASIAN GROWTH PROPERTIES LIMITED

Immediate Release

Results for the six months ended 30 June 2011

Asian Growth Properties Limited (the “Company”) (AIM Stock Code: AGP), the Hong Kong based China property development and investment company, announces its unaudited consolidated results for the six months ended 30 June 2011 as follows:

Financial Highlights

- Profit attributable to the Company’s shareholders of HK\$998.4 million (£80.3 million) (2010 (restated): HK\$329.4 million (£28.1 million)).
- Earnings per share for profit attributable to the Company’s shareholders of HK112.6 cents (9.1 pence) (2010 (restated): HK37.2 cents (3.2 pence)).
- Net asset value per share attributable to the Company’s shareholders as at 30 June 2011 of HK\$11.6 (93.4 pence) (31 December 2010 (restated): HK\$10.4 (86.5 pence)).
- Geographical location of the Group’s property assets were as follows:

	30 June 2011	31 December 2010
Hong Kong	HK\$8,205.6 million (£659.7 million)	HK\$7,340.8 million (£609.8 million)
Mainland China	HK\$3,519.2 million (£282.9 million)	HK\$2,980.1 million (£247.5 million)
Total	HK\$11,724.8 million (£942.6 million)	HK\$10,320.9 million (£857.3 million)

- Gearing ratio, calculated on the basis of net interest bearing debts minus cash and restricted and pledged deposits as a percentage of total property assets, of 11.5% (31 December 2010: 10.0%).

Operational Highlights

- Gross rental income of Dah Sing Financial Centre in Hong Kong was maintained with a high level of occupancy.
- Hotel operation results of Crowne Plaza Hong Kong Causeway Bay were satisfactory.
- Major development projects in Chengdu and Kaifeng in Mainland China with a total site area of about 506,000 square metres and 735,000 square metres respectively for mixed use development are progressing.

Notes:

1. *Figures in Pounds Sterling are translated from Hong Kong dollars based upon the exchange rates prevailing on the latest practicable business day of the respective accounting periods. The relevant exchange rates adopted are stated as follows:-*

For 30 June 2011 : £1 = HK\$12.4390;

For 31 December 2010 : £1 = HK\$12.0382; and

For 30 June 2010 : £1 = HK\$11.7162

2. *For Shareholders’ information, the exchange rate on 17 August 2011 was £1 = HK\$12.8032*

Miscellaneous

The results included in this announcement are extracted from the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2011, which have been approved by the Board of Directors on 19 August 2011.

The 2011 Interim Report is expected to be posted to shareholders and holders of depositary interests in mid September 2011.

For further information, please contact:

Lu Wing Chi
Executive Director
Asian Growth Properties Limited

TEL: +852 2828 6363

Richard Gray
Andrew Potts
Panmure Gordon (UK) Limited
(Nominated Advisor)

TEL: +44 207 459 3600

If you wish to view the full announcement, please visit the Company's website at:
<http://www.asiangrowth.com/html/eng/news.asp>

Attached:-

1. Chairman's Review;
2. Executive Directors' Review;
3. Unaudited Condensed Consolidated Income Statement;
4. Unaudited Condensed Consolidated Statement of Comprehensive Income;
5. Unaudited Condensed Consolidated Statement of Financial Position;
6. Unaudited Condensed Consolidated Statement of Changes in Equity;
7. Unaudited Condensed Consolidated Statement of Cash Flows; and
8. Notes to the Unaudited Condensed Consolidated Financial Statements.

CHAIRMAN'S REVIEW

I am pleased to present the unaudited consolidated results of Asian Growth Properties Limited ("AGP" or the "Company", together with its subsidiaries, the "Group") for the first six months of 2011 to the shareholders of the Company.

Results

AGP reported a profit attributable to the Company's shareholders of HK\$998.4 million (£80.3 million) for the six months ended 30 June 2011 (2010 (restated): HK\$329.4 million (£28.1 million)). The reported profit included a revaluation surplus on investment properties net of deferred taxation of HK\$967.8 million (£77.8 million) (2010 (restated): HK\$300.3 million (£25.6 million)). By excluding the net effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK\$30.6 million (£2.5 million) (2010: HK\$29.1 million (£2.5 million)).

As at 30 June 2011, the Group's equity attributable to the Company's shareholders amounted to HK\$10,293.8 million (£827.5 million), representing an increase of HK\$1,068.2 million (£85.9 million) over 31 December 2010. The net asset value per share as at 30 June 2011 was HK\$11.6 (93.4 pence) as compared with HK\$10.4 (86.5 pence) (restated) as at 31 December 2010.

Figures in Pounds Sterling are translated from Hong Kong dollars based upon the exchange rates prevailing on the latest practicable business day of the respective accounting periods.

Operations

During the period under review, the Group has continued the development of various property projects in Hong Kong and Mainland China.

The rental income from the investment properties situated in both Hong Kong and Mainland China continue to provide stable returns to the Group. Turnover for the period mainly represented the sale of certain remaining units of The Forest Hills and the contribution from the sale of developed properties has decreased gradually.

Crowne Plaza Hong Kong Causeway Bay commenced operations in November 2009 and performed satisfactory during the period.

After winning the planning appeal for the large mixed use retail and residential development in Fo Tan, Hong Kong in 2010, revised building plan approvals and land exchange application are now in progress.

For details of the Group's operations, please refer to the Executive Directors' Review.

Outlook

The global economic conditions remained complicated and fast changing in the first half of 2011. Unemployment remains a major issue in many developed countries and the European sovereign debt crisis continues to drag on market sentiment. The political instability in the Middle East, the cut in US credit rating by Standard & Poor's and the US deficit budget reduction plan may impede the stable development of the global economy.

In Mainland China, the severe tightening in the capital markets has seriously affected the liquidity of the Chinese banks as the RMB reserve requirement ratio has increased to an unprecedented level of 21.5%. This has dampened the property sales activity as well as lowering the sale prices.

Our well-located investment portfolio in the Mainland China and Hong Kong is performing well with high occupancy rates while the hotel operation in Crowne Plaza Hong Kong Causeway Bay is achieving above budget performance with satisfactory occupancy level. Our major development projects in Chengdu and Kaifeng are in progress. As the costs of acquisition of these two projects are relatively low, the Board believes that these investments have capital appreciation potential and can generate reasonably good returns even with the slowdown in market end sale prices.

With a conservative gearing policy and a prudently managed balance sheet, the Board believes that the Group is well placed to weather the continuing uncertainty and to fund the ongoing development projects with limited dependence on the currently constrained capital markets.

Looking ahead, it is likely that there will be continued uncertainty and turmoil in global markets in the second half of 2011. The Board will remain cautious and prudent in managing its property and investment portfolio with the primary goal of maintaining a healthy position of the Group at all times.

Interim Dividend

The Board does not propose the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

Acknowledgement

The Board would like to take this opportunity to thank the executive and management team for the execution of the Board's strategy and their ongoing support.

Richard Prickett
Non-Executive Chairman
England, 19 August 2011

EXECUTIVE DIRECTORS' REVIEW

FINANCIAL SUMMARY

Turnover for the six months ended 30 June 2011 amounted to HK\$296.5 million (£23.8 million) (2010: HK\$306.0 million (£26.1 million)). The turnover was principally attributable to the recognition of the sales of residential units in The Forest Hills, rental income from investment properties and revenue from hotel operation.

Profit attributable to the Company's shareholders for the period amounted to HK\$998.4 million (£80.3 million) (2010 (restated): HK\$329.4 million (£28.1 million)), equivalent to a basic earnings per share of HK112.6 cents (9.1 pence) (2010 (restated): HK37.2 cents (3.2 pence)). The reported profit included a revaluation surplus on investment properties net of deferred taxation of HK\$967.8 million (£77.8 million) (2010 (restated): HK\$300.3 million (£25.6 million)). By excluding the effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK\$30.6 million (£2.5 million) (2010: HK\$29.1 million (£2.5 million)), equivalent to HK3.5 cents (0.3 pence) (2010: HK3.3 cents (0.3 pence)) per share.

As at 30 June 2011, the Group's equity attributable to the Company's shareholders amounted to HK\$10,293.8 million (£827.5 million) (31 December 2010 (restated): HK\$9,225.6 million (£766.4 million)). The net asset value per share attributable to the Company's shareholders as at 30 June 2011 was HK\$11.6 (93.4 pence) as compared with HK\$10.4 (86.5 pence) (restated) as at 31 December 2010.

For Shareholders' information, figures in Pounds Sterling are translated from Hong Kong dollars based upon the exchange rates prevailing on the latest practicable business day of the respective accounting periods and the relevant exchange rates adopted are stated as follows:-

For 30 June 2011 :	£1 = HK\$12.4390;
For 31 December 2010 :	£1 = HK\$12.0382; and
For 30 June 2010 :	£1 = HK\$11.7162

BUSINESS REVIEW

Property Investment and Development

Hong Kong

The office leasing market was strong during the period. The rental income generated from Dah Sing Financial Centre, a 39-storey commercial building, has been stable and satisfactory and its occupancy rate remains at a high level of approximately 96% as at 30 June 2011.

During the period under review, the Group continued to sell the remaining units of the developed properties. About 98% of the residential units and 60 out of 76 residents' car parking spaces of The Forest Hills have been sold up to 30 June 2011 and all the non-residents' car parking spaces have been leased to a car park operator at satisfactory rentals until the end of February 2012. The sale of the remaining 4 residential units (which are presently leased) of The Morrison is continuing.

The proposed development project at Fo Tan envisages, among other facilities, residential units, car parks, educational facilities and a bus terminus, was finally approved by the Town Planning Appeal Board in October 2010. This project has a site area of approximately 20,092 square metres and the revised general building plan and master layout plan have been submitted to the Buildings Department and the revised land exchange application will also be submitted for confirmation on land lease condition and land premium. The Group is awaiting the comments from the Buildings Department for further progress.

Mainland China

Chengdu, Sichuan Province

During the period, the occupancy rate for the two 30-storey office towers of Plaza Central improved marginally and its retail podium with a gross floor area of about 29,000 square metres has been fully let principally to Chengdu New World Department Store on a long-term lease. As at 30 June 2011, the aggregate occupancy rate for the two office towers and the retail podium was approximately 84%. Leasing activities for the remaining areas of Plaza Central continue.

The shopping arcade of New Century Plaza with a gross floor area of about 16,300 square metres has been fully let to a furniture retailer on a medium-term lease.

During 2010 and up to the date of this announcement, the Group has acquired three pieces of land in Longquan with a total site area of about 506,000 square metres. The Group is now preparing the master layout plan and targets to submit to the local government by the end of this year. Preliminary site works of the project are being undertaken.

Kaifeng, Henan Province

The project in Kaifeng, to be known as “Nova City”, has a site area of 735,000 square metres and it is proposed to be developed into an integrated complex in Zhen-Kai District, a new town in Kaifeng. The proposed development has a gross floor area of approximately 3,000,000 square metres envisages shopping mall, premium offices, exhibition hall, hotel, serviced apartments and high-rise residential towers. Research and a feasibility study in respect of market positioning is completed. Master layout plans have been submitted and are awaiting approval of local government. Preliminary site works are proceeding.

Guangzhou, Guangdong Province

The Group still retains the ownership of the 14-storey office tower and the 3-storey shopping arcade of The Westmin Plaza Phase II. As at 30 June 2011, the office tower of about 16,100 square metres was fully leased with more than one-third of the total office space being leased to AIA. Leasing activities for the shopping arcade with a total gross floor area of about 26,400 square metres are in progress.

Huangshan, Anhui Province

The project in Huangshan has a site area of about 333,500 square metres comprising about 66,700 square metres of land owned by the Group and about 266,800 square metres of land leased from the local authority. An overall development plan for a hotel, serviced apartments and resort villas in the integrated resort site has been prepared.

Chi Shan, Nanjing, Jiangsu Province

The Group has established two 51%-owned joint venture companies to participate in the tenant relocation arrangements and excavation and infrastructure works on certain pieces of lands in Chi Shan. A series of land auctions for these lands are being arranged and targeted to commence in early 2012. The Group has submitted master layout plans for these lands for the government's assessment.

Leiyang, Hunan Province

This 50/50 joint venture development project is known as The Redbud City. The superstructure work for eleven blocks of semi-detached houses, eight high-rise apartment buildings and eight bungalows with a total gross floor area of approximately 128,000 square metres and two blocks of club-house and commercial buildings has been progressing as scheduled. As at the date of this announcement, 733 out of 949 residential units and 2 out of 8 bungalows of the Phase I development have been sold and will be delivered to the purchasers at different completion stages up to early 2013.

Hotel Operation

Crowne Plaza Hong Kong Causeway Bay is a 29-storey five-star hotel comprising 263 guest rooms with ancillary facilities and is presently managed by the InterContinental Hotels Group. It commenced business in November 2009 and has achieved satisfactory occupancy and room rates for the period under review.

WORKING CAPITAL AND LOAN FACILITIES

As at 30 June 2011, the Group's total cash balance was HK\$1,846.4 million (31 December 2010: HK\$1,993.5 million) and unutilised facilities were HK\$770.0 million (31 December 2010: HK\$830.0 million).

Gearing ratio as at 30 June 2011, calculated on the basis of net interest bearing debts minus cash and restricted and pledged deposits as a percentage of total property assets, was 11.5% (31 December 2010: 10.0%).

As at 30 June 2011, maturity of the Group's outstanding borrowings was as follows:

	30 June 2011 HK\$' million	31 December 2010 HK\$' million
Due		
Within 1 year	691.8	1,258.9
1-2 years	168.1	503.2
3-5 years	1,964.3	737.2
Over 5 years	374.9	528.8
	3,199.1	3,028.1

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and Mainland China, the total bank loans drawn as at 30 June 2011 amounted to HK\$3,199.1 million (31 December 2010: HK\$3,028.1 million), which comprised of secured bank loans of HK\$3,009.1 million (31 December 2010: HK\$2,828.1 million) and unsecured bank loans of HK\$190.0 million (31 December 2010: HK\$200 million). The secured bank loans were secured by properties valued at HK\$9,390.9 million (31 December 2010: HK\$8,683.5 million) and fixed deposits of HK\$0.8 million (31 December 2010: HK\$264.1 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 30 June 2011, all of the Group's borrowings were raised through its wholly-owned or substantially controlled subsidiaries on a non-recourse basis.

International Financial Reporting Standards ("IFRS")

The Group has adopted IFRS and the unaudited condensed consolidated financial statements accompanying this Review have been prepared in accordance with IFRS.

OUTLOOK

Economic growth in US has been sluggish in the first half of the year with 0.4% in the first quarter and 1.3% in the second quarter. After Standard & Poor's downgraded the US debt, the US economy may enter into a long cycle of economic weakening that will also put pressure on China's holding of US dollar assets. Property market sentiment is taking a hit as the bourses reel amid the spiraling European and US debt crises.

In Mainland China, the consumer price index (the "CPI") rose to a peak of three-year-high of 6.5% in July 2011 and it is expected that the CPI will ease in the coming months. The Central Government's tightening policies and the market turmoil will lead to slower growth this year. Nonetheless, the Board is optimistic on the mainland property market in the medium to long term as its economy continues to grow.

The Group is still in a good position of having excellent core assets. Dah Sing Financial Centre has achieved high occupancy rate with increasing rental income. The demand for good quality office space in Hong Kong by investors, who are concentrating in Asia, is likely to continue and result in further office rental growth. Crowne Plaza Hong Kong Causeway Bay has enhanced its turnover by establishing reputation as the best hotel in the thriving commercial district in Causeway Bay. Our office buildings in Chengdu and Guangzhou have also increased their occupancy levels. Considerable progress is being made on our development projects in Chengdu and Kaifeng with detailed plans under approval process while the detailed building plans of our large commercial/residential project in Fo Tan, Hong Kong has also been submitted.

There is no doubt that the prospects for the coming twelve months are very somber and the uncertainty of the US's intention to reduce its untenable debt situation is a dominant factor which could impinge the world markets. The world economic recovery still remains fragile and unbalanced. We are in a very uncertain time and for these reasons, the Board will continue to take a cautious and prudent approach in managing the Group's property portfolio and in assessing new investment opportunities. The Group will continue to be watchful of market developments and will manage its portfolio with a view to further improving the overall asset quality.

On behalf of Executive Directors

Lu Wing Chi
Executive Director
Hong Kong, 19 August 2011

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2011

	NOTES	Six months ended 30 June	
		2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited) (restated)
Revenue		296,483	306,044
Interest income		6,190	5,657
Other income		16,404	9,407
Costs:			
Property and related costs	5	(41,417)	(75,728)
Staff costs		(35,481)	(29,952)
Depreciation and amortisation		(38,159)	(31,813)
Other expenses	6	(116,806)	(101,608)
		(231,863)	(239,101)
Profit from operations before fair value changes on properties		87,214	82,007
Fair value changes on investment properties		991,196	303,675
Profit from operations after fair value changes on properties		1,078,410	385,682
Share of results of jointly controlled entities		21	(1,786)
Finance costs	7	(41,860)	(39,985)
Profit before taxation	8	1,036,571	343,911
Income tax expense	9	(38,973)	(14,357)
Profit for the period		997,598	329,554
Attributable to:			
Company's shareholders		998,440	329,385
Non-controlling interests		(842)	169
		997,598	329,554
		HK cents	HK cents
Earnings per share for profit attributable to the Company's shareholders	11		
- Basic		112.6	37.2
<i>Earnings per share excluding fair value changes on properties net of deferred tax</i>	11		
- Basic		3.5	3.3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	HK\$'000	<i>HK\$'000</i>
	(unaudited)	(unaudited) (restated)
Profit for the period	997,598	329,554
	-----	-----
Other comprehensive income		
Exchange differences arising on translation of foreign operations	71,534	20,480
Share of translation differences of jointly controlled entities	912	145
	-----	-----
	72,446	20,625
	-----	-----
Total comprehensive income for the period	1,070,044	350,179
	=====	=====
Total comprehensive income attributable to:		
Company's shareholders	1,068,266	349,088
Non-controlling interests	1,778	1,091
	-----	-----
	1,070,044	350,179
	=====	=====

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2011

	NOTES	30.6.2011 HK\$'000 (unaudited)	31.12.2010 HK\$'000 (restated)
Non-current assets			
Investment properties	12	8,284,919	7,252,223
Property, plant and equipment	12	1,189,395	1,214,757
Properties for development	13	1,176,817	783,163
Interests in jointly controlled entities	14	41,832	40,499
Loans receivable		25,717	34,392
Other receivable	15	364,896	350,726
		-----	-----
		11,083,576	9,675,760
		-----	-----
Current assets			
Properties held for sale			
Completed properties		582,244	592,182
Properties under development		611,732	610,175
Other inventories		1,082	1,245
Loans receivable		1,355	1,755
Receivables, deposits and prepayments	16	124,249	126,033
Tax recoverable		453	453
Amounts due from non-controlling shareholders	17	7,578	1,578
Pledged bank deposits		785	264,103
Bank balances and cash		1,845,638	1,729,354
		-----	-----
		3,175,116	3,326,878
		-----	-----
Current liabilities			
Payables, rental deposits and accrued charges	18	238,472	275,336
Sales deposits		-	5,682
Provisions		4,978	4,865
Tax liabilities		139,925	125,754
Amounts due to non-controlling shareholders	17	84,428	68,332
Bank borrowings - due within one year	19	691,768	1,258,898
		-----	-----
		1,159,571	1,738,867
		-----	-----
Net current assets		2,015,545	1,588,011
		-----	-----
Total assets less current liabilities		13,099,121	11,263,771
		=====	=====

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
At 30 June 2011

	NOTES	30.6.2011 <i>HK\$'000</i> (unaudited)	31.12.2010 <i>HK\$'000</i> (restated)
Capital and reserves			
Share capital	20	345,204	345,204
Reserves		9,948,622	8,880,356
		-----	-----
Equity attributable to the Company's shareholders		10,293,826	9,225,560
Non-controlling interests		96,460	94,682
		-----	-----
Total equity		10,390,286	9,320,242
		-----	-----
Non-current liabilities			
Bank borrowings - due after one year	19	2,507,367	1,769,227
Deferred taxation	21	201,468	174,302
		-----	-----
		2,708,835	1,943,529
		-----	-----
		13,099,121	11,263,771
		=====	=====

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2011

	Attributable to the Company's shareholders						Non-controlling Interests	Total
	Share capital	Share premium	Translation reserve	Other reserves	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2010 as originally stated	345,204	4,836,225	162,618	766,761	1,833,985	7,944,793	108,360	8,053,153
Effect of changes in accounting policies	-	-	-	-	234,300	234,300	-	234,300
At 1 January 2010 as restated	345,204	4,836,225	162,618	766,761	2,068,285	8,179,093	108,360	8,287,453
Profit for the period	-	-	-	-	329,385	329,385	169	329,554
Other comprehensive income for the period	-	-	19,703	-	-	19,703	922	20,625
Total comprehensive income for the period	-	-	19,703	-	329,385	349,088	1,091	350,179
Share options issued by intermediate holding company	-	-	-	-	148	148	-	148
Acquisition of additional interest in a subsidiary	-	-	-	(391)	-	(391)	(509)	(900)
At 30 June 2010 (unaudited)	345,204	4,836,225	182,321	766,370	2,397,818	8,527,938	108,942	8,636,880
Profit for the period	-	-	-	-	631,800	631,800	(176)	631,624
Other comprehensive income for the period	-	-	65,674	-	-	65,674	2,566	68,240
Total comprehensive income for the period	-	-	65,674	-	631,800	697,474	2,390	699,864
Share options issued by intermediate holding company	-	-	-	-	148	148	-	148
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(16,650)	(16,650)
At 31 December 2010 (audited)	345,204	4,836,225	247,995	766,370	3,029,766	9,225,560	94,682	9,320,242
Profit for the period	-	-	-	-	998,440	998,440	(842)	997,598
Other comprehensive income for the period	-	-	69,826	-	-	69,826	2,620	72,446
Total comprehensive income for the period	-	-	69,826	-	998,440	1,068,266	1,778	1,070,044
At 30 June 2011 (unaudited)	345,204	4,836,225	317,821	766,370	4,028,206	10,293,826	96,460	10,390,286

Other reserves comprise (i) discount on acquisition/assumption of certain assets and liabilities from the intermediate holding company, S E A Holdings Limited ("S E A") and the excess of the consideration over the market closing price of the shares issued for the acquisition. The amounts attributable to those assets and liabilities derecognised in subsequent years will be recognised in profit or loss; and (ii) the excess of the consideration paid for acquisition of additional interest in a subsidiary from non-controlling shareholder over the carrying amount of non-controlling interests.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash from operating activities	75,460	44,970
	-----	-----
Investing activities		
Purchase of and additional costs on property, plant and equipment	(5,983)	(2,601)
Net proceeds received on disposal of investment properties	-	217,800
Refund of tender deposits	-	149,500
Acquisition of and additional costs on properties for development	(379,243)	(674,427)
Decrease in pledged bank deposits	263,318	61,215
Increase in other receivable	(29,812)	(42,970)
Other investing cash flows	15,014	15,287
	-----	-----
Net cash used in investing activities	(136,706)	(276,196)
	-----	-----
Financing activities		
Draw down of bank loans	940,887	408,352
Repayments of bank loans	(788,366)	(278,000)
Advance from non-controlling shareholders	14,394	23,123
Advance to non-controlling shareholders	(6,000)	(4,641)
Acquisition of additional interest in a subsidiary	-	(900)
	-----	-----
Net cash from financing activities	160,915	147,934
	-----	-----
Net increase (decrease) in cash and cash equivalents	99,669	(83,292)
	-----	-----
Cash and cash equivalents at beginning of period	1,729,354	1,555,069
	-----	-----
Effect of foreign exchange rate changes	16,615	5,599
	-----	-----
Cash and cash equivalents at end of period, represented by bank balances and cash	1,845,638	1,477,376
	=====	=====

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2011

1. GENERAL

The Company is a public limited company incorporated in the British Virgin Islands. The shares of the Company are admitted for trading on the AIM Market of London Stock Exchange plc.

The Company is an investment holding company. The principal subsidiaries of the Company are engaged in property investment, property development and hotel operation.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010 except for those due to the application of the new or revised International Financial Reporting Standards as detailed below.

Application of new or revised International Financial Reporting Standards

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations ("new or revised IFRSs") issued by the International Accounting Standards Board (the "IASB") and the IFRS Interpretations Committee of IASB:

IFRSs (Amendments)	Improvements to IFRSs 2010
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets
IAS 24 (Revised 2009)	Related Party Disclosures
IAS 32 (Amendments)	Classification of Rights Issues
IFRIC 14 (Amendments)	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new or revised International Financial Reporting Standards (continued)

The Group has applied amendments to IAS 12 titled "*Deferred Tax: Recovery of Underlying Assets*" in advance of their mandatory effective date (which is annual periods beginning on or after 1 January 2012). Under the amendments, investment properties that are measured using the fair value model in accordance with IAS 40 "*Investment Property*" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

As a result, certain investment properties of the Group that are measured using the fair value model have been presumed to be recovered through sale for the purpose of measuring deferred taxes in respect of such properties. The application of the amendments has resulted in the Group's deferred tax liabilities being decreased by HK\$234,300,000 and HK\$371,250,000 as at 1 January 2010 and 31 December 2010 respectively, with the corresponding adjustment being recognised in retained profits. In addition, the application has resulted in the Group's income tax expense for the six months ended 30 June 2010 and 30 June 2011 being reduced by HK\$47,850,000 and HK\$148,500,000 respectively, profit for the six months ended 30 June 2010 and 30 June 2011 being increased by the same amount. The basic earnings per share for the six months ended 30 June 2010 and 30 June 2011 is increased by HK5.4 cents and HK16.8 cents respectively.

The application of the other new or revised IFRSs in the current interim period has had no effect on amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Except for the application of Amendments to IAS 12 "*Income Taxes*" as disclosed above, the Group has not early applied the new or revised standards and interpretations that have been issued but are not yet effective. The Group is in the process of making an assessment of the impact of these new or revised standards and interpretations upon initial application but is not yet in a position to state whether they would have material impact on the condensed consolidated financial statements of the Group.

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance are as follows:

Property development - development and sale of properties
Property investment - renting of investment properties
Hotel operation - hotel operation and management

Property investment and development activities are in Hong Kong and the People's Republic of China (the "PRC") whereas the hotel operation is carried out in Hong Kong.

4. SEGMENT INFORMATION (continued)

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

Six months ended 30 June 2011

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT REVENUE					
External sales	51,159	138,585	106,739	-	296,483
Inter-segment sales	-	319	-	(319)	-
	-----	-----	-----	-----	-----
Total	51,159	138,904	106,739	(319)	296,483
	=====	=====	=====	=====	=====
SEGMENT RESULTS					
Segment profit	7,010	1,060,879	8,255		1,076,144
	=====	=====	=====		
Interest income					6,190
Corporate expenses					(3,924)
Share of results of jointly controlled entities					21
Finance costs					(41,860)

Profit before taxation					1,036,571
					=====

Six months ended 30 June 2010

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT REVENUE					
External sales	98,813	133,767	73,464	-	306,044
Inter-segment sales	-	481	-	(481)	-
	-----	-----	-----	-----	-----
Total	98,813	134,248	73,464	(481)	306,044
	=====	=====	=====	=====	=====
SEGMENT RESULTS					
Segment profit (loss)	26,520	366,671	(11,836)		381,355
	=====	=====	=====		
Interest income					5,657
Corporate expenses					(1,330)
Share of results of jointly controlled entities					(1,786)
Finance costs					(39,985)

Profit before taxation					343,911
					=====

Inter-segment sales are at mutually agreed terms.

The accounting policies adopted in preparing the reportable segment information are the same as the Group's accounting policies.

The Group does not allocate interest income, corporate expenses, share of results of jointly controlled entities and finance costs to individual reportable segment profit or loss for the purposes of resource allocation and performance assessment by the chief operating decision maker.

No segment assets and liabilities are presented as the information is not reportable to the chief operating decision maker in the resource allocation and assessment of performance.

5. PROPERTY AND RELATED COSTS

	Six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Changes in properties held for sale	22,428	57,527
Reversal of write-down of properties held for sales	(2,319)	-
Selling and marketing expenses	2,993	2,924
Direct operating expenses on investment properties	18,315	15,277
	-----	-----
	41,417	75,728
	=====	=====

6. OTHER EXPENSES

	Six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Included in other expenses are:		
Management fees paid to a related company	70,906	63,734
Hotel operating expenses	26,844	24,576
Legal and professional fees	3,147	2,219
	=====	=====

7. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Bank borrowings wholly repayable within 5 years	21,812	18,796
Bank borrowings not wholly repayable within 5 years	16,590	17,239
	-----	-----
	38,402	36,035
Front end fee	2,208	2,701
Other charges	1,250	1,249
	-----	-----
	41,860	39,985
	=====	=====

8. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation has been arrived at after crediting (charging):		
Interest earned on bank deposits	4,888	3,628
Interest income from second mortgage loans	902	1,645
Imputed interest income on loans to jointly controlled entities	400	384
Net exchange gain (loss)	6,196	(2,988)
	-----	-----

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i> (restated)
Current tax		
Hong Kong Profits Tax	14,270	9,438
PRC Enterprise Income Tax	906	-
	-----	-----
	15,176	9,438
Deferred tax	23,797	4,919
	-----	-----
	38,973	14,357
	-----	-----

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. PRC Enterprise Income Tax was calculated at the rates applicable to the respective group entities.

In the preceding year, the Hong Kong Inland Revenue Department ("IRD") initiated a tax audit on two group entities for the years of assessments 2002/2003 to 2008/2009. At the same time, estimated assessments ("Protective Assessments") for the year of assessment 2003/2004 were issued to the entities. During the current period, Protective Assessments were also issued for the year of assessment 2004/2005. Objections against the Protective Assessments were lodged by these group entities and against which tax reserve certificates totaling HK\$8,995,000 were purchased. In order to save the time of the management and professional cost in pursuing further, a settlement proposal was submitted to the IRD for giving up the deductibility of certain interest costs in arriving at the assessable profit of the relevant group entity. Subsequent to the end of the reporting period, a revised settlement proposal was submitted to the IRD by giving up the claim for the tax loss by a group entity of HK\$266,304,000 but retaining the interest cost deductibility of the other group entity on a without prejudice basis. The directors are of the view that the additional tax liability for the years of assessments 2003/2004 up to 2009/2010 and other cost totaling HK\$58,974,000 provided for in the consolidated financial statements for the year ended 31 December 2010 is sufficient under the revised proposal.

10. DIVIDENDS

No dividends were paid, declared or proposed during the reported period. The directors do not recommend the payment of an interim dividend.

11. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the Company's shareholders is based on the following data:

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
		(restated)
Earnings for the purpose of basic earnings per share	998,440	329,385
	=====	=====
	Six months ended 30 June	
	2011	2010
Number of ordinary shares for the purpose of basic earnings per share	886,347,812	886,347,812
	=====	=====

No diluted earnings per share is presented as the Company did not have any potential ordinary share in issue during both periods or at the end of each reporting period.

For the purpose of assessing the performance of the Group, the management is of the view that the profit for the period should be adjusted for the fair value changes on properties recognised in profit or loss and the related deferred taxation in arriving at the "adjusted profit attributable to the Company's shareholders". A reconciliation of the adjusted earnings is as follows:

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
		(restated)
Profit attributable to the Company's shareholders as shown in the condensed consolidated income statement	998,440	329,385
Fair value changes on investment properties	(991,196)	(303,675)
Deferred tax thereon	23,395	3,419
	-----	-----
Adjusted profit attributable to the Company's shareholders	30,639	29,129
	=====	=====
Basic earnings per share excluding fair value changes on properties net of deferred tax	HK3.5 cents	HK3.3 cents
	=====	=====

The denominators used in the calculation of adjusted earnings per share are the same as those detailed above.

12. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Investment properties were fair valued by independent professional valuers, Savills Valuation and Professional Services Limited. The valuation was arrived at on the basis of capitalisation of net income. The resulting increase in fair value of HK\$991,196,000 (1.1.2010 - 30.6.2010: HK\$303,675,000) has been recognised directly in the condensed consolidated income statement.

During the period, the Group acquired property, plant and equipment of HK\$5,983,000 (1.1.2010 - 30.6.2010: HK\$2,601,000).

13. PROPERTIES FOR DEVELOPMENT

The carrying amount representing the Group's interest in certain pieces of lands located in the PRC to be held for future development which includes consideration and other direct costs.

During the period, the Group paid HK\$333,788,000 (1.1.2010 - 30.6.2010: HK\$674,425,000) for the acquisition of land with lease term of 40 to 70 years located in the PRC.

The Group is in the process of obtaining land use right certificates with carrying amount of HK\$906,964,000 (31.12.2010: HK\$783,163,000).

14. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	30.6.2011 HK\$'000	31.12.2010 HK\$'000
Cost of unlisted investments in jointly controlled entities	3,875	3,875
Share of post-acquisition reserves	(2,762)	(3,695)
	-----	-----
	1,113	180
Loans to jointly controlled entities	40,719	40,319
	-----	-----
	41,832	40,499
	=====	=====

Loans to jointly controlled entities are unsecured, interest-free and with no fixed repayment terms. As it is the Group's intention not to demand repayment within one year, the amounts are classified as non-current assets.

On application of International Accounting Standard 39 "Financial Instruments - Recognition and Measurement", the fair value of the loans advanced to jointly controlled entities is determined based on effective interest rate of 2% per annum on initial recognition. The difference between the principal amount and the fair value of the advances, determined on initial recognition, deemed to be capital contributed to jointly controlled entities, is included as part of the cost investments in jointly controlled entities.

15. OTHER RECEIVABLE

At 30 June 2011, the Group had incurred a total amount of HK\$379,395,000 (31.12.2010: HK\$364,895,000) for the excavation, relocation arrangements and infrastructure works on certain pieces of lands in Nanjing of the PRC. The amount, together with further costs to complete the work, are wholly refundable from the relevant PRC local government out of the proceeds from tendering of certain portion of the land. The Group will then be awarded the portion of the land at the abiding base bid price if the auction price is below the base bid price or else the excess of the proceeds from the auction above the base bid price will be awarded to the Group. The directors estimated that the amount will be recovered by 31 December 2012 based on the latest development of the time schedule for auction of the relevant lands. The balance is carried at amortised cost based on an effective interest rate of 2% per annum.

16. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.6.2011 <i>HK\$'000</i>	31.12.2010 <i>HK\$'000</i>
Trade receivables	13,106	9,698
Accrued income, deposits and prepayments	111,143	116,335
	-----	-----
	124,249	126,033
	=====	=====

Trade receivables mainly comprise of rental receivable from tenants for the use of the Group's properties and receivable from corporate customers and travel agents. No credit is allowed to tenants. Rentals are payable upon presentation of demand notes. An average credit period of 30 days is allowed to corporate customers and travel agents.

17. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS

The balances are unsecured, interest-free and repayable on demand.

18. PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES

	30.6.2011 <i>HK\$'000</i>	31.12.2010 <i>HK\$'000</i>
Trade payables	1,449	2,294
Rental deposits	79,228	73,429
Other payables, other deposits and accrued charges	157,795	199,613
	-----	-----
	238,472	275,336
	=====	=====

Included in other payables, other deposits and accrued charges is an aggregate amount of HK\$73,469,000 (31.12.2010: HK\$94,743,000) payable to contractors for the cost in relation to the excavation, relocation arrangements and infrastructure works on certain pieces of lands as referred to in note 15.

The rental deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms amount to HK\$64,293,000 (31.12.2010: HK\$50,934,000).

19. BANK BORROWINGS

During the period, the Group repaid bank loans amounting to HK\$788,366,000 (1.1.2010 - 30.6.2010: HK\$278,000,000) and drew bank loans which carry interest at variable rates in the amount of HK\$940,887,000 (1.1.2010 - 30.6.2010: HK\$408,352,000).

20. SHARE CAPITAL

	30.6.2011 <i>US\$'000</i>	31.12.2010 <i>US\$'000</i>
Authorised:		
1,300,000,000 ordinary shares of US\$0.05 each	65,000	65,000
	=====	=====
Issued and fully paid:		
886,347,812 ordinary shares of US\$0.05 each	44,317	44,317
	=====	=====
	<i>HK\$'000</i>	<i>HK\$'000</i>
Shown in the condensed consolidated financial statements as	345,204	345,204
	=====	=====

21. DEFERRED TAXATION

Deferred tax liabilities are mainly provided on the fair value changes of the investment properties located in the PRC for an amount of HK\$147,944,000 (31.12.2010: HK\$121,522,000).

22. PLEDGE OF ASSETS

At the end of the reporting period, the following assets are under charge or pledged to secure banking facilities granted to the Group:

- (a) Fixed charges on investment properties with an aggregate carrying value of HK\$7,710,124,000 (31.12.2010: HK\$6,990,154,000) together with a floating charge over all the assets of the property owning subsidiaries and benefits accrued to the relevant properties.
- (b) Fixed charges on hotel properties with aggregate carrying values of HK\$1,069,083,000 (31.12.2010: HK\$1,083,173,000) together with a floating charge over all the assets of the property owning subsidiaries and benefits accrued to the hotel properties.
- (c) Fixed charges on properties under development held for sale with an aggregate carrying value of HK\$611,732,000 (31.12.2010: HK\$610,175,000).
- (d) Bank deposits of HK\$785,000 (31.12.2010: HK\$264,103,000).

23. RELATED PARTY BALANCES AND TRANSACTIONS

- (a) The Group had the following transactions with fellow subsidiaries, wholly-owned subsidiaries of S E A during the six months ended 30 June 2011:
 - (i) Rental income of HK\$5,249,000 (1.1.2010 to 30.6.2010: HK\$4,943,000) from the renting of the Group's premises; and
 - (ii) Management fees of HK\$70,906,000 (1.1.2010 to 30.6.2010: HK\$63,734,000) in respect of provision of property development management services to the Group on the Group's property portfolio.
- (b) Details of loans to jointly controlled entities are disclosed in the condensed consolidated statement of financial position and note 14.
- (c) The remuneration paid to the key management personnel, who are the directors of the Company, during the period amounted to HK\$1,382,000 (1.1.2010 to 30.6.2010: HK\$1,489,000).