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華南城

China South City Holdings Limited
華南城控股有限公司

(incorporated in Hong Kong with limited liability)
(Stock Code: 1668)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

HIGHLIGHTS

	Six months ended 30 September		
	2010	2009	**Approximate**
	HK$'000	*HK$'000*	**Change %**
Revenue	**590,515**	249,564	**+136.6%**
Gross profit	**331,740**	119,855	**+176.8%**
Gross profit margin	**56.2%**	48.0%	**+17.0%**
Profit attributable to equity holders of the parent	**347,196**	245,709	**+41.3%**
Net profit excluding fair value gains on investment properties and related tax effect	**106,697**	69,798	**+52.9%**

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

The board of directors (the "Board") of China South City Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2010 together with the comparative figures for the previous financial period as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2010	2009
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
REVENUE	*3*	**590,515**	249,564
Cost of sales		**(258,775)**	(129,709)
Gross profit		**331,740**	119,855
Other income and gains	*4*	**19,757**	142,520
Fair value gains on investment properties	*4*	**358,464**	253,038
Selling and distribution costs		**(39,090)**	(40,012)
Administrative expenses		**(86,418)**	(98,267)
Other expenses		**(172)**	(623)
Finance costs	*6*	**(16,797)**	(11,840)
Share of profits and losses of:			
A jointly-controlled entity		**651**	645
Associates		**(162)**	(165)
PROFIT BEFORE TAX	*5*	**567,973**	365,151
Income tax expense	*7*	**(225,282)**	(119,747)
PROFIT FOR THE PERIOD		**342,691**	245,404
Attributable to:			
Equity holders of the parent		**347,196**	245,709
Non-controlling interests		**(4,505)**	(305)
		342,691	245,404
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**HK5.80 cents**	HK5.45 cents
Diluted		**HK5.78 cents**	HK5.45 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

	For the six months 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**342,691**	245,404
Exchange realignment	**146,667**	236
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**489,358**	245,640
Attributable to:		
Equity holders of the parent	**492,150**	245,909
Non-controlling interests	**(2,792)**	(269)
	489,358	245,640

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2010

	Notes	30 September 2010 HK$'000 (Unaudited)	31 March 2010 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**154,041**	157,684
Investment properties		**9,752,873**	9,077,250
Properties under development		**2,501,572**	1,978,789
Prepaid land premiums		**6,945**	6,911
Goodwill		**20,066**	20,066
Interests in jointly-controlled entities		**6,896**	8,980
Interests in associates		**(983)**	(803)
Loan receivables		**–**	625
Finance lease receivables		**50,433**	54,250
Deferred tax assets		**98,278**	75,413
Total non-current assets		**12,590,121**	11,379,165
CURRENT ASSETS			
Properties held for finance lease		**212,161**	96,116
Properties held for sale		**583,020**	677,346
Trade receivables	*10*	**206,080**	234,155
Prepayments, deposits and other receivables		**53,373**	86,077
Held for trading investments at fair value through profit or loss		**131,434**	123,932
Cash and bank balances		**3,352,562**	3,702,977
Total current assets		**4,538,630**	4,920,603
CURRENT LIABILITIES			
Trade and other payables	*11*	**969,373**	824,459
Interest-bearing bank and other borrowings	*12*	**1,601,647**	1,558,417
Tax payable		**527,702**	470,832
Total current liabilities		**3,098,722**	2,853,708
NET CURRENT ASSETS		**1,439,908**	2,066,895
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,030,029**	13,446,060

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

At 30 September 2010

	Note	**30 September 2010 HK$'000 (Unaudited)**	31 March 2010 HK$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*12*	**2,839,435**	2,644,308
Deferred tax liabilities		**1,938,758**	1,775,067
Total non-current liabilities		**4,778,193**	4,419,375
Net assets		**9,251,836**	9,026,685
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**59,796**	60,000
Reserves		**9,112,990**	8,733,433
Proposed dividends		**–**	119,591
		9,172,786	8,913,024
Non-controlling interests		**79,050**	113,661
Total equity		**9,251,836**	9,026,685

Notes :

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2010.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs", WHICH ALSO INCLUDE HKASs AND INTERPRETATIONS)

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 March 2010, except for the adoption of the new standards and interpretations as noted below.

HKFRS 1(Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
Annual Improvements Project	*Improvements to HKFRSs 2009*
HK Interpretation 4	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*

The adoption of the above new standards and interpretations has had no material effect on the accounting policies of the Group and the methods of computation in the unaudited interim condensed consolidated financial statements.

3. SEGMENT INFORMATION

(a) Segment results, assets and liabilities

Six months ended 30 September 2010 (Unaudited)	**Property development** *HK$'000* **(Unaudited)**	**Property investment** *HK$'000* **(Unaudited)**	**Property management** *HK$'000* **(Unaudited)**	**Hotel operation** *HK$'000* **(Unaudited)**	**Others** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
Sales to customers	**498,559**	**65,127**	**15,810**	**14,269**	**–**	**593,765**
Intersegment sales	**–**	**–**	**–**	**(3,250)**	**–**	**(3,250)**
Reportable segment revenue	**498,559**	**65,127**	**15,810**	**11,019**	**–**	**590,515**
Reportable segment profit/(loss) before increase in fair value of investment properties	**329,661**	**28,879**	**(17,178)**	**(9,622)**	**–**	**331,740**
Increase in fair value of Investment properties	**–**	**358,464**	**–**	**–**	**–**	**358,464**
Reportable segment profit/(loss) after increase in fair value of investment properties	**329,661**	**387,343**	**(17,178)**	**(9,622)**	**–**	**690,204**
Reportable segment assets	**1,149,184**	**12,258,756**	**2,449**	**68,356**	**174**	**13,478,919**
Reportable segment liabilities	**5,982**	**2,520,942**	**7,256**	**3,052**	**–**	**2,537,232**

Six months ended 30 September 2009 (Unaudited)	Property development *HK$'000* (Unaudited)	Property investment *HK$'000* (Unaudited)	Property management *HK$'000* (Unaudited)	Hotel operation *HK$'000* (Unaudited)	Others *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Sales to customers	177,202	49,207	12,213	13,098	–	251,720
Intersegment sales	–	–	–	(2,156)	–	(2,156)
Reportable segment revenue	177,202	49,207	12,213	10,942	–	249,564
Reportable segment profit/(loss) before increase in fair value of investment properties	122,737	12,637	(6,305)	(9,214)	–	119,855
Increase in fair value of investment properties	–	253,038	–	–	–	253,038
Reportable segment profit/(loss) after increase in fair value of investment properties	122,737	265,675	(6,305)	(9,214)	–	372,893

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	For the six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue	**593,765**	251,720
Elimination of inter-segment revenue	**(3,250)**	(2,156)
Consolidated turnover	**590,515**	249,564
Profit/(Loss)		
Reportable segment profit after increase in fair value of investment properties	**690,204**	372,893
Share of profit of a jointly-controlled entity	**651**	645
Share of the losses of associates	**(162)**	(165)
Finance costs	**(16,797)**	(11,840)
Unallocated income	**19,757**	142,520
Unallocated expense	**(125,680)**	(138,902)
Consolidated profit before taxation	**567,973**	365,151

	30 September 2010	31 March 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Assets		
Reportable segment assets	**13,478,919**	12,284,400
Interests in jointly-controlled entities	**6,896**	8,980
Interests in associates	**(983)**	(803)
Goodwill	**20,066**	20,066
Unallocated assets	**3,623,853**	3,987,125
Consolidated total assets	**17,128,751**	16,299,768
Liabilities		
Reportable segment liabilities	**2,537,232**	2,295,862
Current tax liabilities	**527,702**	470,832
Bank borrowings and bills payable	**4,441,082**	4,202,725
Unallocated liabilities	**370,899**	303,664
Consolidated total liabilities	**7,876,915**	7,273,083

4. OTHER INCOME AND GAINS

	For the six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other income		
Interest income from:		
Banks	**5,346**	307
Loan receivable	**2,132**	2,316
Contracted income in respect of the operation of hotel supporting entertainment facilities	**1,307**	1,304
Penalty income	**–**	220
Others	**3,415**	1,664
	12,200	5,811
Gains		
Fair value gains on investment properties	**358,464**	253,038
Fair value gains on held for trading investments at fair value through profit or loss	**7,557**	–
Gain on restructure and buying back of interest-bearing notes	**–**	136,709
	366,021	389,747

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation	**16,423**	18,290
Less: Depreciation capitalised in respect of properties under development	**(430)**	(25)
	15,993	18,265
Amortisation of prepaid land premiums	**99**	86
Equity-settled share option expense	**–**	3,294
Impairment of interests in a jointly-controlled entity*	**172**	199

* Included in "Other expenses" in the interim condensed consolidated income statement.

6. FINANCE COSTS

	For the six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank loans and other loans, net		
Wholly repayable within five years	**89,441**	79,795
Wholly repayable beyond five years	**10,389**	4,156
Interest on the interest-bearing notes	**–**	72,581
Less: Interest capitalised	**(83,033)**	(144,692)
Total	**16,797**	11,840

7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period (2009: Nil). Major subsidiaries of the Group operate in Shenzhen, Mainland China, which were subject to the PRC corporate income tax rates of 22% for the year 2010 (2009: 20%).

During the 5th session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law was approved. It became effective on 1 January 2008. The PRC Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of income tax rates for domestic-invested and foreign-invested enterprises at 25%. Accordingly, the deferred taxes as at 30 September 2009 and 2010 have been provided at the enacted corporate tax rates.

The PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures. The amount of LAT of HK$89,140,000 was charged to the consolidated income statements for the six months ended 30 September 2010 (30 September 2009: HK$44,479,000).

The major components of income tax expense for the periods are as follows:

	For the six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current – Mainland China corporate income tax	**29,475**	6,732
Current – LAT in Mainland China	**89,140**	44,479
Deferred – Mainland China corporate income tax	**108,532**	67,923
Deferred – LAT in Mainland China	**(19,611)**	(8,896)
Deferred – Withholding tax on dividend	**17,746**	9,509
Total tax charged for the period	**225,282**	119,747

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

The calculation of the basic and diluted earnings per share attributable to ordinary equity holders of the parent is based on the following data:

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**347,196,000**	245,709,000

	Number of Shares	
	2010	2009
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**5,984,908,176**	4,508,241,758
Effect of dilution – weighted average number of ordinary shares: Share options	**26,341,463**	127,595
	6,011,249,639	4,508,369,353

The calculation of weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the repurchased shares.

9. DIVIDEND

At a meeting of the board of directors held on 8 November 2010, the directors resolved not to pay an interim dividend to shareholders (30 September 2009: nil).

10. TRADE RECEIVABLES

Trade receivables represent rentals receivable from tenants, sales income and service income receivables from customers which are payable on presentation of invoices or in accordance with the terms of the related sales and purchase agreements. Overdue balances are reviewed regularly by senior management. In view of this and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing. The carrying amounts of the trade receivables approximate to their fair values.

An aged analysis of the trade receivables as at each of the balance sheet dates, based on the payment due date and net of provision, is as follows:

	30 September 2010	31 March 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current	**134,001**	86,663
30 to 60 days	**4,950**	34,308
61 to 90 days	**4,203**	71,774
Over 90 days	**62,926**	41,410
Total	**206,080**	234,155

Receivables that were neither past due nor impaired and past due but not impaired relate to a large number of diversified customers for whom there was no recent history of default. The Group has retained the legal ownership of the property sold to purchasers for debtor balances.

11. TRADE AND OTHER PAYABLES

	Note	30 September 2010 HK$'000 (Unaudited)	31 March 2010 HK$'000 (Audited)
Other payables		**237,565**	236,803
Construction fee and retention payables	*(i)*	**573,340**	395,735
Receipts in advance		**124,630**	162,017
Rental deposits		**33,838**	29,904
Total		**969,373**	824,459

(i) An aged analysis of the construction fee and retention payables as at the end of reporting period is as follows:

	30 September 2010 HK$'000 (Unaudited)	31 March 2010 HK$'000 (Audited)
Within 1 year	**557,078**	378,214
Over 1 year	**16,262**	17,521
Total	**573,340**	395,735

The construction fee and retention payables are non-interest-bearing and repayable within the normal operation cycle or on demand.

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

		30 September 2010 HK$'000 (Unaudited)	31 March 2010 HK$'000 (Audited)
Current	**Maturity**		
Bank loans – unsecured		**805,397**	944,504
Bank loans – secured		**684,175**	613,913
Other borrowings – unsecured		**112,075**	-
		1,601,647	1,558,417
Non-current			
Bank loans – unsecured	2012-2016	**328,497**	426,183
Bank loans – secured	2011-2017	**2,159,254**	2,218,125
Other borrowings – unsecured	2011-2013	**351,684**	-
		2,839,435	2,644,308
Analysed into:			
Within one year or on demand		**1,601,647**	1,558,417
In the second year		**1,308,705**	829,996
In the third to fifth years, inclusive		**1,153,925**	1,330,875
Beyond five years		**376,805**	483,437
		4,441,082	4,202,725

Certain of the Group's bank loans are secured by the Group's buildings and hotel properties, investment properties, properties under development, and leasehold land as stated in notes to the financial statements.

Certain of the Group's properties held for sale with an aggregate carrying value of approximately HK$44,762,000 were pledged for certain of the Group's bank loans. These pledged properties held for sale have been released as at 30 September 2010.

All interest-bearing bank loans and other borrowings bear interest at floating rates ranging from 4.78% to 5.94% per annum. All borrowings are denominated in RMB.

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of China South City Holdings Limited, I am pleased to report the interim results of the Group for the six months ended 30 September 2010.

Results and Dividend

During the period under review, the Group sustained last year's performance and continued to deliver encouraging results. Revenue rose by 136.6% to HK$590.5 million (30 September 2009: HK$249.6 million) while profit for the period attributable to equity holders of the parent increased by 41.3% to HK$347.2 million (30 September 2009: HK$245.7 million). Basic earnings per share were HK5.80 cents (30 September 2009: HK5.45 cents).

The Board declared that no distribution of interim dividend for the six months ended 30 September 2010 (30 September 2009: nil).

Market and Operation Review

In the first half of 2010, the PRC Government continued its proactive fiscal policies and moderately relaxed monetary policies to stimulate economic development. The effective implementation of the policies and measures was a strong boost to the national economy. Sales of domestic markets enjoyed robust growth. Trade activities also rebounded steadily and the business environment improved for different sectors across the nation.

As one of the leading developers and operators of large-scale, integrated logistics and trade centers in China, China South City is benefited by the favorable market environment. CSC Shenzhen's trade center units recorded both encouraging sales and leasing performances. During the period under review, CSC Shenzhen has entered into sales contract for about 24,600 square meters ("sq.m.") of Phase Two's trade center units, representing a growth of 89.2% over the corresponding period last year (30 September 2009: approximately 13,000 sq.m.). The average selling price increased about 15% to about HK$16,100 per sq.m. when compared to about HK$14,000 per sq.m. of the corresponding period last year.

Construction of the Global Logistic Center, an office tower at CSC Shenzhen, was completed in April 2010. It is a modern and integrated office tower with retail areas and underground car park. As at 30 September 2010, total occupancy rate of the office space with GFA of approximately 37,700 sq.m. reached 93% in just a few months after its launch via a mix of finance lease, operation lease and a small portion of self-use by the Group. It indicates that there is a strong local demand on quality office space.

With the increase in visitor numbers and vehicle traffic to CSC Shenzhen, the total occupancy rate of Phase One trade center has increased from 82% to 86%. We are currently in talks with various commercial chambers and organizations for large-area leasing of Phase Two. With the development of the Phase Two and Three of CSC Shenzhen, it was the Group's intention to extend the scope of our product to achieve a more comprehensive mix of products for its trade centers, in order to drive the sustainable growth of the project and take it to a more vibrant stage.

The significant progress achieved at CSC Shenzhen was a strong testament to development of the Group's new projects in Nanning, Nanchang, Xi'an and Heyuan. The construction of all our new projects progressed smoothly as planned. For Nanning, we have completed the exhibition center which forms the exhibition site for the 2010 China-ASEAN Light Industrial Products Fair ("Fair"), co-organized by the Group with the Nanning Municipal Bureau of Commerce and Nanning Jiangnan District People's Government and held on 20-24 October 2010. The Fair received very good responses and many of the participating exhibitors and visitors showed interest to lease or purchase the trade centers and residential facilities that are still under construction, laying the foundation for the success of CSC Nanning.

Development Strategy

The Group boasts a unique and flexible development strategy of “One Body with Two Wings” model. The “one body” is to establish large-scale integrated logistics and trade centers strategically located in regional economic hubs to satisfy the economic and industrial needs of the respective regions. It is supported by the “two wings” of supporting residential property and commercial facilities to facilitate its rapid development and sustainable growth.

In order to provide one-stop logistics and trading solutions to customers, the Group is committed to building its trade centers as an integrated trading platform facilitating trade flow. It is achieved through the provision of valuable information to tenants and customers, centralized property management services, and trade exhibition and conference facilities, supported by an effective e-commerce platform and marketing campaign.

The role of residential property in the project is important in the sense that it provides convenient and high-quality accommodation for the tenants of our trade centers and also ensure quick cash flows to cover the capital expenditure of the project. On the other hand, along with a comprehensive set of supporting facilities including hotel, offices, warehouses and services provide for our tenants and their customers, these commercial supporting facilities provide another stable stream of cash flow for the Group.

This unique business model implies a vibrant, fast-growing business as the Group is replicating it across the country. Along with the rollout of new projects and as existing projects become more established, we expect the rental rate of trade centers to climb and more areas to be made available for sale and lease, which will in turn expand our earnings base and contribute to a sustainable growth in our revenue. With this development strategy, we are confident in our capability in capturing the tremendous growth opportunities in China’s economy in a timely manner, and the sustainability of our business.

PROSPECTS

Looking ahead, we remain as optimistic as ever about the potential of the leasing and sales of trade centers and the supporting facilities. As CSC Shenzhen continues to grow and other new projects are being rolled out, we expect the rapid expansion of our business to continue amid a bullish outlook of the economy. The Group will continue to develop our existing new projects to help provide a strong foundation for sustainable development. We have a vision to bring our business to a national scale.

Lastly, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our shareholders, customers and business partners for their trust and unwavering support. I would also like to thank the management and staff of China South City for their professionalism and dedication.

Cheng Chung Hing
Co-Chairman & Executive Director
Hong Kong, 8 November 2010

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period under review, the PRC Government continued to adopt proactive fiscal policies and moderately relaxed monetary policies. As a result, China was able to sustain last year's economic rebound with an encouraging GDP growth rate. The Company continued to strengthen its position as one of the leading developers and operators of large-scale, integrated logistics and trade centers in China. The sales of Phase Two trade center units of China South City Shenzhen ("CSC Shenzhen") were encouraging and the development of new projects were making satisfactory progress during the period under review.

China South City Shenzhen

As a leading logistics and trade center in the Pearl River Delta, CSC Shenzhen provides a full range of integrated logistics and trade facilities and services for domestic and international suppliers, manufacturers and distributors of industrial materials and finished products. It comprises Phase One with a gross floor area ("GFA") of approximately 464,000 sq.m., the original Phase Two has recently been split into completed construction of Phase Two with GFA of approximately 1 million sq.m. and under development of Phase Three with planned GFA of approximately 1.14 million sq.m.. Currently, approximately 1.46 million sq.m. of trade center units and ancillary facilities in Phase One and Phase Two were in operation.

In line with the steady growth of China's economy and business activities in the Pearl River Delta region, sales of the trade center units, finance lease and the total occupancy rate of CSC Shenzhen have continuously recorded remarkable performance. In the first half of the fiscal year, the Group's revenue from the sales of trade center units was mainly generated from CSC Shenzhen Phase Two Trade Plaza One and Trade Plaza Two, in which about 24,600 sq.m. (30 September 2009: 13,000 sq.m.) of Phase Two trade center units were sold. Sales revenue of about HK$381.5 million was recorded during the period, which represents an increase of 120.2% over the corresponding period of last year . Average selling price of Phase Two trade center units increased by 15% to approximately HK$16,100 per sq.m. (30 September 2009: HK$14,000 per sq.m.).

As of 30 September 2010, total occupancy rate of Phase One trade center increased to 86% from 82%, while Phase Two Trade Plaza One and Trade Plaza Two have leased about 26% of the total rentable area launched. The average effective monthly rental rate for Phase One trade centers was approximatelyHK$28.6 per sq.m. (30 September 2009: HK$27.1 per sq.m.), while that for Phase Two Trade Plaza One and Trade Plaza Two was HK$33.8 per sq.m.. To further enhance the leasing uptake of trade center units at Phase Two CSC Shenzhen and strengthen the Group's leading position in the region, the Group is in talks with various commercial chambers and organizations for large area leasing uptakes. In addition to the planned outlet center for Hong Kong goods, various plans are underway or in progress to establish regional goods or themed trade centers for products such as branded underwear (CSC SIUF International Brand Underwear Trade Center), watches and clocks, Taiwanese goods and Korean goods. In general, Phase One trade centers are currently focused on industrial materials but it is the Group's aim to enrich its service scope and enhance the comprehensive trade facilities. The Group intends to extend its scope of products to finished goods, small commodities, themed products and regional goods. Entertainment elements will also be introduced in the near future. This strategy is to meet the demands of the market needs inside the city and to capture the traffic flow in the neighboring areas. All these will facilitate the increase in public awareness of the China South City brand and also help to boost the business of the Group.

During the review period, the Global Logistic Center, an office tower of CSC Shenzhen has completed construction. With a total GFA of about 68,000 sq.m., the Global Logistic Center comprises office, retail area and underground car park. As at 30 September 2010, about 12,600 sq.m. of the office space were under a finance lease arrangement with average price of approximately HK$9,000 per sq.m.. Finance lease income of approximately HK$117.0 million were recorded during the period under review. The office space with GFA of about 37,700 sq.m. recorded a total occupancy rate of 93% in just a few months after its launch.

For Phase Three of CSC Shenzhen, it is planned to develop a total GFA of approximately 500,000 sq.m. in the coming two years, comprising trade centers of approximately 340,000 sq.m., as well as 160,000 sq.m. of commercial and other supporting facilities.

Industrial Fair in CSC Shenzhen

From 29 October to 1 November 2010, the Group continued to co-organize the 3rd China (Shenzhen) International Industrial Fair ("CIIF") with China Council for Promotion of International Trade, China Chamber of International Commerce and Shenzhen Municipal People's Government. The four-day industrial trade fair was one of CSC Shenzhen's premier events, taking up an exhibition area of over 90,000 sq.m. and attracting over 1,300 exhibitors from China and overseas countries. It successfully attracted 128,000 visitor counts. The successful organization of CIIF not only had a positive effect on the increasing domestic demand in Shenzhen and Pan Pearl River regions, but also optimized the consolidation of resources procurement and facilitated the change in economic growth pattern. It boosted the traffic and business flows at CSC Shenzhen, as well as enhanced the reputation of the Group.

Trade Centers and Trade Shows in CSC Shenzhen

To cater the needs of different industries, CSC Shenzhen has established industry-specific trade centers and organized different trade shows for automobile, branded underwear products and original goods.

Runfang China South City Mega Showroom was opened in CSC Shenzhen in May 2010 to display and sell most of the mid-end PRC manufactured hot sale automobile models. A two-day automobile exhibition was held in August 2010 with an exhibition area of over 20,000 sq.m., which attracted over 30 automobile brands' exhibitors from China and overseas.

With a planned exhibition area of over 40,000 sq.m., CSC SIUF International Brand Underwear Trade Center is located in Trade Plaza Two. The first batch of tenants moved in in August 2010 and several fashion shows were held. Positioned as an international underwear trade centre, the CSC SIUF International Brand Underwear Trade Center has already attracted a number of famous underwear brands.

Meanwhile, the First Taiwan Original Goods Trade Fair was also successfully held in CSC Shenzhen in August 2010. With an exhibition area of over 30,000 sq.m., the four-day fair had successfully attracted more than 300 exhibitors and 53,000 visitors counts.

China South City Nanning

Strategically located in Nanning, Guangxi Zhuang Autonomous Region, China South City Nanning ("CSC Nanning") is expected to occupy a site area of approximately 1.83 million sq.m.. According to the construction plan, CSC Nanning will have a total GFA of approximately 4.88 million sq.m. upon completion, providing a full array of facilities including trade centers, integrated logistics and warehousing facilities, integrated commercial facilities, integrated residential facilities and car parks.

Construction of the project will be carried out by phases. Phase One construction has been commenced in October 2009 after the Group's acquisition of a plot of land in Nanning in the same month. With a site area and planned gross floor area of approximately 890,000 sq.m. and 2.40 million sq.m. respectively, the plot of land obtained is located on a site surrounded by 江南區沙井大道、富樂西路、定津路及新村大道. The Group has acquired the land with aggregate consideration of approximately RMB351.3 million.

In the coming two years, it is planned that CSC Nanning will develop a total GFA of 1.33 million sq.m., comprising 470,000 sq.m. of trade centers, 340,000 sq.m. of residential facilities, as well as 520,000 sq.m. of commercial and other supporting facilities. For the project as a whole, all the residential areas and not more than 50% of the trade center areas will be planned for sale, providing the Group with a solid revenue base for future project development. The remaining GFA will be held for long term investment. Currently, the exhibition center, with a GFA of 14,100 sq.m., has completed construction. The construction of trade centers and residential facilities are progressing smoothly as scheduled, and we expect to launch part of the residential properties for sale by the first quarter of 2011 .

With its geographical location in close proximity to Southeast Asia, CSC Nanning will be developed into one of the most modernized large-scale industrial materials and commodity trade center for Southeast Asian manufacturers and businesses. The establishment of China-ASEAN Free Trade Area (ACFTA) in January 2010 (under this agreement tariffs for 93% of imported goods have been waived to boost cross-border trade) will help to spur business and trade activities for CSC Nanning.

China-ASEAN Light Industrial Products Fair

The Group co-organized the China-ASEAN Light Industrial Products Fair in CSC Nanning with the China Chamber of International Commerce, China-ASEAN Expo Secretariat and Nanning Municipal People's Government in 20-24 October 2010.

As the first large-scale event held at CSC Nanning after the completion of the construction of the exhibition center, the five-day light industrial products fair occupied an exhibition area of approximately 14,100 sq.m., with 614 exhibition booths, attracting over 365 exhibitors and over 335,000 visitor counts.

The success of the fair not only increased the traffic flow to CSC Nanning, but also enhanced the Group's brand recognition in the region and to ASEAN countries, which in turn will help the leasing uptake and sales of trade center units and residential units of CSC Nanning in the future.

China South City Nanchang

Located in Nanchang, Jiangxi Province, China South City Nanchang ("CSC Nanchang") expected to occupy a site area of approximately 1.55 million sq.m.. According to the construction plan, CSC Nanchang will have a total GFA of approximately 4.28 million sq.m. upon completion, providing comprehensive facilities including trade centers, integrated logistics and warehousing facilities, integrated commercial facilities, integrated residential facilities and car parks. The construction work of the project will be carried out in phases, in which phase one has commenced construction in January 2010.

In December 2009, CSC Nanchang has acquired a plot of land in 紅谷灘新區九龍湖片區 of Nanchang with a site area and planned GFA, of approximately 1.05 million sq.m. and 2.48 million sq.m. respectively. The aggregate consideration for the land is RMB555.4 million.

It is planned that CSC Nanchang will complete a total GFA of 920,000 sq.m. in the coming two years, comprising 430,000 sq.m. of trade centers, 300,000 sq.m. of residential facilities, as well as 190,000 sq.m. of commercial and other supporting facilities. For the project as a whole, it is expected that all the residential areas and not more than 50% of the trade center areas will be planned for sale while the remaining GFA will be held for long term investment.

Strategically located to serve the Pan Pearl River Delta and Yangtze River Delta regions, CSC Nanchang is in close proximity to the extensive transportation network in the Nanchang City. The increasing trend of coastal manufacturers moving inland to Central China is expected to benefit CSC Nanchang.

China South City Heyuan

Located in Heyuan, Guangdong Province, Phase One of China South City Heyuan ("CSC Heyuan") is expected to include supporting commercial facilities and residential facilities. In June 2009, a plot of land with construction site area of approximately 487,000 sq.m. was acquired. The aggregate consideration paid for this plot of land is approximately RMB73 million. In August 2010, CSC Heyuan acquired another plot of land with site area of approximately 651,000 sq.m. with consideration of approximately RMB97.7 million. Construction has been commenced and is expected to complete approximately 260,000 sq.m. in the coming two years. We expect to launch part of the properties for sale by December 2010.

China South City Xi'an

The Group intended to develop and position China South City Xi'an ("CSC Xi'an") as a major integrated logistics and trade center in northwest China. In November 2009, the Xi'an International Trade and Logistics Park Management Committee, China South International, Xin Hao Da (Hong Kong) Holding Limited ("Xin Hao Da") and Xi'an Government entered into a project agreement for the Xi'an project. Pursuant to the project agreement, China South International and Xin Hao Da will form a joint venture company, which is owned as to 65% and 35% by them, respectively.

According to the signed project agreement, CSC Xi'an's planned total site area is 10 square kilometers, approximately half of the space is reserved for an integrated logistics and trade centers, while the remaining space will be for ancillary residential and commercial facilities to complement with the trade center services. Construction of CSC Xi'an will take place in phases. Currently, development planning and pre-construction preparation work are progressing smoothly.

Riding on the opportunities arising from the country's strategic development of northwestern regions, the Group plans to integrate CSC Xi'an into the urban planning of the region. The site was designed to be a transportation hub which is essential to drive the traffic of visitors and goods to CSC Xi'an. Strategically located in the heart of northwestern China, CSC Xi'an not only extends the geographical reach of the Group, but also facilitates the Group's participation of the Central government's plan to drive economic growth of the area.

Prospect and Outlook

Looking forward to the second half of fiscal year 2011, China's continued economic development is expected to drive demand further for large scale integrated logistics and trade centers, providing a favorable environment for the sales and leasing of the Group's trade center units. With its well-established brand and its large-scale, integrated logistics and trade centre platform, leasing uptake of units at CSC Shenzhen Phase Two is expected to continue to grow.

On the front of new project development, CSC Nanning, CSC Nanchang, CSC Xi'an and CSC Heyuan continue to make good progress. The projects are expected to provide more trade center units for sale and for lease, and residential properties for sale in the coming years. As the economy in the region continues to grow, the sales price and rental value of the Group's trade centers and other properties are expected to increase further, providing stable income for the Group.

Leveraging its unique business model, extensive experience of management team, and local government support, the Group is confident that it can replicate the successful business model of CSC Shenzhen in other strategic regions in China, thereby achieving sustainable growth for the Group and creating greater value for its shareholders.

FINANCIAL REVIEW

For the six months ended 30 September 2010, the Group reported a strong growth in its financial performance, with revenue growth of 136.6% to HK$590.5 million (30 September 2009: HK$249.6 million), and profit attributable to equity holders of the parent for the period grew 41.3% to HK$347.2 million (30 September 2009: HK$245.7 million). Excluding the effect of gains on fair value of our investment properties and related tax effect, profit for the period as adjusted increased by 52.9% to HK$106.7 million (30 September 2009: HK$69.8 million). Basic earnings per share increased to HK5.80 cents (30 September 2009: HK5.45 cents). Net cash inflow from operation during the period increased by 43.4% to HK$282.5 million (30 September 2009: HK$197.1 million).

Revenue

Revenue increased by 136.6% to HK$590.5 million (30 September 2009: HK$249.6 million). The increase was mainly due to the significant increase in sales of trade center units at CSC Shenzhen Phase Two Trade Plaza One and Trade Plaza Two and the finance lease income generated from Global Logistic Center during the period under review.

	2010	2009	**Change**
	HK$'000	*HK$'000*	***%***
Sale of properties	**381,523**	173,268	**120.2%**
Finance lease income	**117,036**	3,934	**2,875.0%**
Rental income	**65,127**	49,207	**32.4%**
Properties Management income	**15,810**	12,213	**29.5%**
Hotel income	**11,019**	10,942	**0.7%**
	590,515	249,564	**136.6%**

Revenue From Sales of Properties

Revenue from sales of properties increased by 120.2% to HK$381.5 million (30 September 2009: HK$173.3 million). The increase was mainly due to the increasing demand of our CSC Shenzhen Phase Two Trade Plaza One and Trade Plaza Two trade center units. During the period under review, the Group sold approximately 24,600 sq.m. of our Phase Two trade center units, significantly increased by 89.2% comparing with 13,000 sq.m. sold in the corresponding period last year. The average selling price per sq.m. increased by approximately 15.0% to HK$16,100 (30 September 2009: approximately HK$14,000/sq.m).

Finance Lease Income

Finance lease income, derived from the leasing of office tower and residential properties, increased sharply by approximately 29 times to HK$117.0 million (30 September 2009: HK$3.9 million). The increase was primarily due to the completion of the office tower, Global Logistics Center, during the period under review, and finance lease arrangement was entered into with tenants for approximately 12,600 sq.m. The average price for the finance lease arrangement was approximately HK$9,000 per sq.m..

Rental Income

Rental income increased by 32.4% to HK$65.1 million (30 September 2009: HK$49.2 million). The increase was primarily due to the contribution of rental income from CSC Shenzhen Phase Two Trade Plaza One and Trade Plaza Two following the commencement of operations of the two buildings respectively in 4th and 3rd quarter of 2009.

Occupancy at CSC Shenzhen has been driven by the demand for large-scale integrated logistics and trade center facilities and the growing profile of China South City. As at 30 September 2010, the total occupancy rate of Phase One trade center was at approximately 86%, while the leasing uptake for Phase Two Trade Plaza One and Trade Plaza Two was about 26% of the launched area. The average effective monthly rental rates for Phase One and Phase Two trade centers were approximately HK$28.6 per sq.m. and HK$33.8 per sq.m. respectively.

Property Management Services Income

Income from property management services rose 29.5% to HK$15.8 million (30 September 2009: HK$12.2 million). The increase was primarily due to the commencement of operation of CSC Shenzhen Phase Two Trade Plaza One and Trade Plaza Two at 4th and 3rd quarter of 2009, respectively, which represented a new income stream for the period under review.

Cost of Sales

Cost of sales of the Group mainly includes construction cost of properties sold, construction cost of properties under finance lease and rental expenses. Cost of sales increased by 99.5% to HK$258.8 million (30 September 2009: HK$129.7 million). The increase was mainly due to a sharp increase in area of properties sold and properties entered under finance lease arrangement during the period under review.

Gross Profit

Gross profit increased by 176.8% to HK$331.7 million (30 September 2009: HK$119.9 million). Gross profit margin increased to 56.2% during the period under review (30 September 2009: 48.0%). The increase in gross profit margin was mainly attributable to an increase in the revenue contribution from the property development segment, including sales income and finance lease income, to total revenue for the period under review. Revenue from the property development segment enjoyed a relatively higher gross profit margin of 66.1% when compared to the Group's other segments.

Other Income

For the six months ended 30 September 2010, other income decreased by 86.1% to HK$19.8 million (30 September 2009: HK$142.5 million). The decrease was mainly due to last year's one-off gain on the restructuring and buying back of interest-bearing notes of HK$136.7 million. While there was no such one-off gain recorded during the period under review, other income reduced accordingly.

Fair Value Gains on Investment Properties

The fair value gains on investment properties increased by 41.7% to HK$358.5 million (30 September 2009: HK$253.0 million). The increase was mainly due to the continuous increase in property prices in Shenzhen during the period under review.

Selling and Distribution Costs

Selling and distribution costs decreased by 2.3% to HK$39.1 million (30 September 2009: HK$40.0 million). The decrease was mainly due to relatively higher advertising expenses incurred from the extensive media campaigns in the corresponding period last year to promote CSC Shenzhen Phase Two Trade Plaza One and Trade Plaza Two. As those campaigns have achieved good results, the promotion expenses for the period under review were reduced accordingly.

Administrative Expenses

Administrative expenses decreased by 12.1% to HK$86.4 million (30 September 2009: HK$98.3 million). Excluding the one-off listing related expenses incurred in the corresponding period last year, administration expenses increased primarily due to the increase in business activities as a result of an increased number of new projects being developed and the expanded management team.

Finance Costs

Finance costs were up by 41.9% to HK$16.8 million (30 September 2009: HK$11.8 million). The increase was mainly attributable to an increase in new bank loans for working capital purposes.

Tax

Tax expenses increased by 88.1% to HK$225.3 million (30 September 2009: HK$119.7 million). The difference in tax expenses was mainly the result of increases in both current and deferred tax expenses during the period under review. As sales revenue increased, both the provision for land appreciation tax and income tax were higher as compared with the corresponding period last year. The deferred tax expenses also increased as a result of the increase in fair value gains of our investment properties during the period under review.

Investment Properties

The value of investment properties increased by 7.4% to HK$9,752.9 million (31 March 2010: HK$9,077.3 million). The increase was mainly due to the increase in fair value of the trade centers, and the completion of the office tower, Global Logistic Center, during the period under review.

Properties Under Development

The value of properties under development increased by 26.4% to HK$2,501.6 million (31 March 2010: HK$1,978.8 million). The value of properties under development were higher than that at 31 March 2010 as a result of the construction of CSC Shenzhen trade centers and supporting facilities, as well as the construction of the Nanchang, Nanning and Heyuan integrated logistics and trade centers and supporting facilities.

Trade Receivables

Trade receivables amounted to HK$206.1 million as at 30 September 2010 as compared with HK$234.2 million as at 31 March 2010. Trade receivables were mainly generated from sales of trade centers. As at 30 September 2010, trade center unit buyers were applying for mortgages that would account for most of the outstanding balance of trade receivables. The Group believes that the risk of receivership is low.

Liquidity and Financial Resources

The Group finances its operations primarily through internally generated funds, bank loans and IPO proceeds.

Borrowing and Charges on the Group's Assets

The Group had HK$3,352.6 million in cash and bank balances (31 March 2010: HK$3,703.0 million) and HK$4,441.1 million in interest-bearing bank and other borrowings (31 March 2010: HK$4,202.7 million). Details of the maturity profile, currency and interest rate structure of the Group's interest-bearing bank and other borrowings are disclosed in note 12. The gearing ratio of the Group was 12% (net debt divided by total equity) as at 30 September 2010, which was slightly increased from 6% as at 31 March 2010, mainly due to the payment made for the construction of the projects. Furthermore, as at 30 September 2010, the Group had unutilized banking facilities of approximately HK$2,388.4 million. The Group will deploy the unutilized banking facilities as appropriate depending on project development needs and working capital status.

As at 30 September 2010, the Group had pledged certain of its buildings, hotel properties, investment properties, properties under development and leasehold land to secure loans from various banks. Details are disclosed in note 12.

Net Current Assets and Current Ratio

As at 30 September 2010, the Group had net current assets of HK$1,439.9 million (31 March 2010: net current assets HK$2,066.9 million). Current ratio was at 1.46 (31 March 2010: 1.72).

Contingent Liabilities

The Group has provided guarantees in respect of banking facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's trade centers and bank loans entered into by lessees of the Group's residential and commercial properties.

As at 30 September 2010, the guarantees amounted to HK$281.5 million (31 March 2010: HK$217.9 million). The guarantees granted to purchasers will be released when the purchasers obtain the building ownership certificates which will then be pledged with the banks. For leased residential and commercial properties, the guarantees will be released accordingly along with the repayment of loan principals by the lessees.

Commitments

As at 30 September 2010, the Group had future capital expenditure contracted but not yet provided for amounted to HK$898.2 million (31 March 2010: HK$48.9 million), and authorized but not yet contracted for amounted to HK$4,857.4 million (31 March 2010: HK$5,641.4 million).

Foreign Exchange Risk

The Group conducts its business mainly in Renminbi, along with our income and expenses, assets and liabilities. The management considers the fluctuation of Renminbi will not have significant impact on the Group's operation. The Group has not issued any financial instruments for hedging purposes.

Acquisitions and Disposals of Subsidiaries and Associated Companies

Except for the acquisition of 30% remaining minority interest of our Heyuan project, the Group has no material acquisition and disposal of subsidiary and associated company in the period under review.

Restriction on Sales

Pursuant to certain land grant contracts entered by CSC Shenzhen, the saleable GFA of properties of CSC Shenzhen built on these parcels of land is limited to 30% of the total buildable GFA. The Group holds and constructs the properties with sales restriction for leases and for self use.

Pursuant to the land grant contracts entered by CSC Nanchang and CSC Nanning, respectively, the saleable GFA of trade centers and storage built on these parcels of land of these projects are limited to 60% of the total buildable GFA. This restriction does not apply to the properties that are built for residential, commercial and other uses. Despite the restriction, the Group plans to hold not less than 50% of the total GFA of trade centers and storage for leasing. Management considers the Group can be benefited by maintaining this optimal mix between properties held for sales and for investments.

Human Resources

As at 30 September 2010, the Group had a workforce of approximately 1,380 people, including approximately 1,190 people directly employed by the Group and approximately 190 people employed by our jointly-controlled entities. The Group aims to recruit, retain and develop competent individuals committed to its long-term success and growth. Remunerations and other benefits of employees are reviewed annually both in response to market conditions and trends, and are based on qualifications, experience, responsibilities and performance. In addition to basic salaries and other staff benefits, discretionary bonus and share options may be awarded to employees with outstanding performance and contribution to the Group. As at 30 September 2010, no share option has been granted under the Share Option Scheme.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the period for the six months ended 30 September 2010, the Company has complied with the applicable code provisions on the Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by the directors. The Company has made specific enquiries of all the directors and all the directors confirmed that they have complied with the required standards set out in the Model Code during the period for the six months ended 30 September 2010.

AUDIT COMMITTEE

The Audit Committee is responsible for the review and supervision of the Group's financial reporting process, internal controls and review of the Company's financial statements. Their written terms of reference are in line with the provisions under the Code on Corporate Governance Practices and the roles and the responsibilities delegated to the Audit Committee by the Board.

The Audit Committee consists of Mr. Li Wai Keung as chairman, Mr. Shi Wan Peng, Mr. Leung Kwan Yuen Andrew. All the Audit Committee members are independent non-executive directors.

REVIEW OF INTERIM RESULTS

The unaudited interim results of the Company and its subsidiaries for the six months ended 30 September 2010 have been reviewed by the Audit Committee and the Ernst & Young, the Company's external auditors, in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong of Certified Public Accountants.

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

During the period under review, the Company had purchased from the market a total of 20,436,000 shares of the Company at price per share ranging from HK$1.13 to HK$1.24 at an aggregate consideration of HK$24,616,180. All the repurchased Shares were subsequently cancelled. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period under review.

For and on behalf of the Board
China South City Holdings Limited
Cheng Chung Hing
Co-Chairman & Executive Director

Hong Kong, 8 November 2010

As at the date of this announcement, the executive Directors are Mr. Cheng Chung Hing, Mr. Leung Moon Lam and Professor Xu Yang; the non-executive Directors are Dr. Ma Kai Cheung, SBS, BBS, Mr. Sun Kai Lit Cliff, BBS, JP, Dr. Ma Wai Mo and Mr. Cheng Tai Po; and the independent non-executive Directors are Mr. Shi Wan Peng, Mr. Leung Kwan Yuen Andrew, GBS, SBS, JP and Mr. Li Wai Keung.