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 2011

HIGHLIGHTS

	For the six months ended 30 September		
	2011	2010	**Approximate**
	HK$'000	*HK$'000*	**Change %**
Revenue	**868,598**	590,515	**+47.1%**
Gross profit	**517,957**	331,740	**+56.1%**
Gross profit margin	**59.6%**	56.2%	
Profit attributable to owners of the parent	**543,595**	347,196	**+56.6%**
Net profit attributable to owners of the parent excluding fair value gains on investment properties and related tax effect	**450,463**	111,202	**+305.1%**
Basic earnings per share	**HK9.08 cents**	HK5.80 cents	**+56.6%**

INTERIM RESULTS

The board of directors (the "Board") of China South City Holdings Limited ("China South City" or 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 2011 together with the comparative figures for the previous financial period as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended 30 September 2011 HK$'000 (Unaudited)	2010 HK$'000 (Unaudited)
REVENUE	3	**868,598**	590,515
Cost of sales		**(350,641)**	(258,775)
Gross profit		**517,957**	331,740
Other income and gains	4	**523,997**	19,757
Fair value gains on investment properties	4	**150,675**	358,464
Selling and distribution costs		**(75,192)**	(39,090)
Administrative expenses		**(160,630)**	(86,418)
Other expenses		**530**	(172)
Finance costs	6	**(22,261)**	(16,797)
Share of profits and losses of:			
A jointly-controlled entity		**841**	651
Associates		**(158)**	(162)
PROFIT BEFORE TAX	5	**935,759**	567,973
Income tax expense	7	**(398,415)**	(225,282)
PROFIT FOR THE PERIOD		**537,344**	342,691
Attributable to:			
Owners of the parent		**543,595**	347,196
Non-controlling interests		**(6,251)**	(4,505)
		537,344	342,691
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic			
– For profit for the period		**HK9.08 cents**	HK5.80 cents
Diluted			
– For profit for the period		**HK9.04 cents**	HK5.78 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**537,344**	342,691
Exchange realignment	**217,458**	146,667
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**754,802**	489,358
Attributable to:		
Owners of the parent	**759,109**	492,150
Non-controlling interests	**(4,307)**	(2,792)
	754,802	489,358

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 September 2011** *HK$'000* **(Unaudited)**	31 March 2011 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**222,698**	204,119
Investment properties		**11,732,169**	11,285,288
Properties under development		**3,157,947**	3,403,663
Prepaid land premiums		**7,139**	7,036
Goodwill		**20,066**	20,066
Interests in jointly-controlled entities		**3,186**	11,106
Interests in associates		**(1,362)**	(1,177)
Finance lease receivables		**43,968**	46,795
Deposits paid for purchase of land		**435,112**	261,316
Deferred tax assets		**178,936**	160,003
Total non-current assets		**15,799,859**	15,398,215
CURRENT ASSETS			
Properties held for finance lease		**121,212**	161,571
Properties held for sale		**3,858,339**	482,607
Trade receivables	*10*	**189,905**	589,943
Prepayments, deposits and other receivables		**1,534,008**	34,005
Held for trading investments at fair value through profit or loss		**107,891**	153,065
Restricted cash		**36,715**	43,181
Cash and bank balances		**3,371,979**	4,521,310
Total current assets		**9,220,049**	5,985,682
CURRENT LIABILITIES			
Trade and other payables	*11*	**3,613,247**	1,324,051
Interest-bearing bank and other borrowings		**2,748,637**	1,696,394
Tax payable		**1,058,313**	900,503
Total current liabilities		**7,420,197**	3,920,948
NET CURRENT ASSETS		**1,799,852**	2,064,734
TOTAL ASSETS LESS CURRENT LIABILITIES		**17,599,711**	17,462,949

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(continued)

	30 September 2011 *HK$'000* **(Unaudited)**	31 March 2011 *HK$'000* (Audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**1,881,264**	2,546,303
Senior notes	**1,868,482**	1,900,083
Amount due to non-controlling interests	**52,506**	51,170
Deferred tax liabilities	**2,473,030**	2,347,357
Total non-current liabilities	**6,275,282**	6,844,913
Net assets	**11,324,429**	10,618,036
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**59,876**	59,876
Reserves	**11,191,738**	10,331,349
Proposed dividends	**–**	149,689
Equity holders of parent	**11,251,614**	10,540,914
Non-controlling interests	**72,815**	77,122
Total equity	**11,324,429**	10,618,036

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

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 2011.

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 interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2011, except for the adoption of the new standards and interpretations as noted below.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*

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 interim condensed consolidated financial statements.

The Group has not early adopted any other standards, interpretations or amendments that have been issued but is not yet effective.

3. SEGMENT INFORMATION

For the six months ended 30 September 2011 (Unaudited)	**Property development** *HK$'000*	**Property investment** *HK$'000*	**Property management** *HK$'000*	**Hotel operation** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment revenue:						
Sales to external customers	762,157	75,192	19,368	10,769	1,112	868,598
Intersegment sales	–	–	4,239	15,679	–	19,918
	762,157	75,192	23,607	26,448	1,112	888,516
Elimination of intersegment sales						(19,918)
Revenue						868,598
Segment results before increase in fair value of investment properties	500,915	36,801	(16,080)	(4,791)	1,112	517,957
Increase in fair value of investment properties	–	150,675	–	–	–	150,675
Segment results after increase in fair value of investment properties	500,915	187,476	(16,080)	(4,791)	1,112	668,632
Interest income						2,436
Gain on disposal of subsidiaries						545,720
Losses on held for trading investments at fair value through profit or loss, net						(45,175)
Unallocated income and gains						21,016
Unallocated expenses						(235,292)
Finance costs						(22,261)
Share of profit of a jointly-controlled entity						841
Share of losses of associates						(158)
Profit before tax						935,759

3. **SEGMENT INFORMATION** *(continued)*

For the six months ended 30 September 2010 (Unaudited)	**Property development** *HK$'000*	**Property investment** *HK$'000*	**Property management** *HK$'000*	**Hotel operation** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment revenue:						
Sales to external customers	498,559	65,127	15,810	11,019	–	590,515
Intersegment sales	–	–	–	3,250	–	3,250
	498,559	65,127	15,810	14,269	–	593,765
Elimination of intersegment sales						(3,250)
Revenue						590,515
Segment results 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
Segment results after increase in fair value of investment properties	329,661	387,343	(17,178)	(9,622)	–	690,204
Interest income						7,478
Gains on held for trading investments at fair value through profit or loss, net						7,557
Unallocated income and gains						4,722
Unallocated expenses						(125,680)
Finance costs						(16,797)
Share of profit of a jointly-controlled entity						651
Share of losses of associates						(162)
Profit before tax						567,973

4. OTHER INCOME AND GAINS

	For the six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other income		
Interest income from:		
Banks	**707**	5,346
Loan receivables	**1,729**	2,132
Contracted income in respect of the operation of hotel supporting entertainment facilities	**1,150**	1,307
Others	**5,440**	3,415
	9,026	12,200
Gains		
Gain on disposal of subsidiaries	**545,720**	–
Gains/(losses) on held for trading investments at fair value through profit or loss, net	**(45,175)**	7,557
Gain on repurchase of senior notes	**8,063**	–
Others	**6,363**	–
	514,971	7,557
Other income and gains	**523,997**	19,757
Fair value gains on investment properties	**150,675**	358,464

5. PROFIT BEFORE TAX

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

	For the six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation	**11,591**	16,423
Less: Depreciation capitalised in respect of properties under development	**(353)**	(430)
	11,238	15,993
Amortisation of prepaid land premiums	**81**	99
Equity-settled share option expense	**30,271**	–
Impairment/(write-back of impairment) of interests in a jointly-controlled entity*	**(530)**	172

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

6. FINANCE COSTS

	For the six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings, net:		
Wholly repayable within five years	**110,466**	89,441
Wholly repayable beyond five years	**15,274**	10,389
Interest on senior notes	**138,189**	–
Less: Interest capitalised	**(241,668)**	(83,033)
Total	**22,261**	16,797

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 (six months ended 30 September 2010: Nil). Taxes on profits assessable in Mainland China are calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Major subsidiaries of the Group operate in Shenzhen, Mainland China, which are subject to the corporate income tax rate of 24% (2010: 22%) for the year 2011, according to the new PRC Enterprise Income Tax Law which became effective on 1 January 2008.

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$128,046,000 was charged to the consolidated income statement for the six months ended 30 September 2011 (six months ended 30 September 2010: HK$89,140,000)

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

	For the six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current — Mainland China corporate income tax	**238,678**	29,475
Current — LAT in Mainland China	**128,046**	89,140
Deferred — Mainland China corporate income tax	**52,642**	108,532
Deferred — LAT in Mainland China	**(32,011)**	(19,611)
Deferred — Withholding tax on dividend	**11,060**	17,746
Total tax charged for the period	**398,415**	225,282

8. DIVIDEND

At a meeting of the board of directors held on 28 November 2011, the directors resolved not to pay an interim dividend to shareholders (six months ended 30 September 2010: nil).

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	For the six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**543,595,000**	347,196,000

	Number of shares	
	2011	2010
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**5,987,564,000**	5,984,908,176
Effect of dilution — weighted average number of ordinary shares: Share options	**27,485,027**	26,341,463
	6,015,049,027	6,011,249,639

10. TRADE RECEIVABLES

Trade receivables represent rental receivables 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 approximately 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 2011 *HK$'000* **(Unaudited)**	31 March 2011 *HK$'000* (Audited)
Current	**158,074**	403,419
30 to 60 days	**14,693**	29,310
61 to 90 days	**10,686**	49,835
Over 90 days	**6,452**	107,379
Total	**189,905**	589,943

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 properties sold to purchasers for debtor balances.

11. TRADE AND OTHER PAYABLES

	Note	**30 September 2011** *HK$'000* **(Unaudited)**	31 March 2011 *HK$'000* (Audited)
Other payables and accruals		**207,611**	348,014
Deposits received and receipts in advance		**1,875,879**	144,212
Construction fee and retention payables	*(i)*	**1,529,757**	831,825
Total		**3,613,247**	1,324,051

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

	30 September 2011 *HK$'000* **(Unaudited)**	31 March 2011 *HK$'000* (Audited)
Within one year	**1,440,334**	605,813
Over one year	**89,423**	226,012
Total	**1,529,757**	831,825

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

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to report the interim results of the Group for the six months ended 30 September 2011.

Results and Dividend

In the first half of this fiscal year, the Group continued to report strong growth, with revenue rising by 47.1% to approximately HK$868.6 million (six months ended 30 September 2010: approximately HK$590.5 million). Along with revenue growth and the disposal of Heyuan residential segment, profit attributable to owners of the parent increased by 56.6% to approximately HK$543.6 million (six months ended 30 September 2010: approximately HK$347.2 million). Basic earnings per share were HK9.08 cents (six months ended 30 September 2010: HK5.80 cents).

The Board declared that there would be no distribution of an interim dividend (six months ended 30 September 2010: Nil).

Review of the Market and Operations

The business environment in the period under review was challenging but abundant with opportunities. The inflation control policies imposed by the Central Government, including the higher levels of bank reserves and benchmark lending, controlled sustainable growth momentum in China economic growth in China to a sustainable level. Measures regulating the residential property market, on the other hand, favored the commercial property market. Upholding our position as one of the leading developers and operators of large-scale, integrated logistics and trade centers in China, China South City has benefited from favorable market conditions driven by the fast rising domestic demand for consumer goods as well as the procurement of industrial materials and finished goods by various industries.

For the review period, sales revenue was primarily attributed to China South City Shenzhen ("CSC Shenzhen") and China South City Heyuan ("CSC Heyuan"). CSC Shenzhen, with its proven track record, continued to deliver outstanding performance with growth in various aspects, including sales of trade center units, finance lease of office units and residential units as well as total occupancy rates for trade center units and shops and the office tower. The gross floor area ("GFA") under contract for sales and finance lease in trade center units, office units and residential units totaled approximately 43,650 square meters ("sq. m."), representing 11.9% growth compared to the same period last year (six months ended 30 September 2010: approximately 39,000 sq. m.). The total occupancy rates for phase I and phase II trade center units and shops which have been launched, together with phase II office space, also achieved invigorate operating results and reached 92%, 47% and 97%, respectively (30 September 2010: 86%, 26% and 93% respectively) at the end of the period. For CSC Heyuan, a sale of approximately 16,700 sq. m. residential properties was recorded for the review period before the disposal of its residential segment.

Capitalizing on its brand recognition and increasing traffic, CSC Shenzhen has attracted a line-up of renowned brands that ranges from international fashion and sportswear brands to popular food and beverage shops, well-known banks, as well as chain stores, providing shopping and leisure under one roof. A wide assortment of themed product centers has also been established so as to cater to the needs at the local level.

To bolster growth momentum in our business, the construction of China South City Nanchang ("CSC Nanchang"), China South City Nanning ("CSC Nanning") and China South City Xi'an ("CSC Xi'an") is in full-swing to tap the surging demand driven by the regional economic growth where our projects are located. Pre-sales for trade center and residential units for CSC Nanchang and registration of trade center units for merchants in CSC Nanning and CSC Xi'an have commenced. Perceiving the growing northeast market, in October 2011, the Group entered into a project agreement to develop a large-scale integrated logistics and trade center in Harbin following the framework agreement signed in June the same year through a 51%-owned joint venture to be formed.

In addition, for the sake of cohering with our core business of developing and operating integrated logistics and trade centers, the Group disposed of its residential segment of CSC Heyuan for a total consideration of approximately RMB967.8 million (approximately HK$1,185.9 million) for equity interest and assignment of loan due from the residential segment of the CSC Heyuan on 28 September 2011.

As a responsible enterprise, the Group is committed to promoting environmental and social sustainability. An LED lighting system with features of durability, energy savings and low carbon emission has been installed in all newly constructed buildings in CSC Shenzhen, CSC Nanchang, CSC Nanning and CSC Xi'an since 2011, and will be further extended to the Group's other projects. The automation system on most premises has worked to improve efficiency in electricity usage on lighting, air-conditioning and elevator. Last but not least, the Group has taken the initiative to apply less polluting or renewable energy, as well as other energy management systems on our projects. The Group would advance our project planning with feasible measures so as to help achieving environment sustainability and cost saving.

Prospects

Looking forward, notwithstanding the negative sentiments on the back of the sovereign debt crises in Europe, the Group remains positive in its outlook on the Chinese economy and on commercial property markets largely due to the ongoing strength of consumer spending and internal demand in China. Our projects in Nanchang, Nanning and Xi'an, have been progressing well at large and are prepared for pre-sales at an opportune time during the second half of the fiscal year. Leveraging our unique business model and strong brand recognition, we are optimistic that these projects will continue to be well-received by the market. The Group will prudently seek to identify opportunities with great diligence to further replicate our business model in other suitable areas in China so as to create optimal value for our shareholders.

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

Cheng Chung Hing
Co-Chairman & Executive Director

Hong Kong, 28 November 2011

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, policies like tightening monetary control have been implemented by Central Government to slow the pace of soaring economic growth in a sustainable level, in a bid to combat inflation. However, considering the up and growing total retail sales, the enormous domestic demand of consumer products sustains a burgeoning procurement of manufacturing materials as well as finished products by all manner of industries, in turn in favor of the Group as one of the developers and operators of large-scale, integrated logistics and trade centers in China. Moreover, the regulatory measures on residential market become an added impetus to the commercial property market.

During the period under review, China South City has continued to record strong growth in revenue. The revenue was mainly generated from the sales and leasing of CSC Shenzhen and CSC Heyuan. Meanwhile, the development of other projects, namely CSC Nanchang, CSC Nanning and CSC Xi'an are in general progressing well. These projects, slated for launch in the second half of the fiscal year, are expected to make notable contributions to the Group for the remainder of the year.

China South City Shenzhen

Strategically located in the heart of the Pearl River Delta region, CSC Shenzhen is the Group's first project in China, with a site area of approximately 1.06 million sq. m. and a planned total GFA of approximately 2.6 million sq. m. As of 30 September 2011, approximately 1.5 million sq. m. of the trade center units and ancillary facilities are in operation, of which phase I of CSC Shenzhen takes up approximately 464,000 sq. m. while phase II has occupied the remaining approximately 1.0 million sq. m.

CSC Shenzhen phase I currently houses suppliers of five key light industries that are complementary to each other, namely, Textile and Clothing, Leather and Accessories, Electronics and Accessories, Printing, Paper and Packaging, and Metals, Chemicals and Plastics. With the development of CSC Shenzhen and the surrounding region, CSC Shenzhen phase II now has an expanded product range that includes industrial raw materials, finished products, small commodities, themed products and factory outlets. The Tea and Tea Ware Center with planned GFA of approximately 16,000 sq. m., the Shenzhen-Hong Kong collaborative projects of Hong Kong Products Sales Center and a Home Furnishing Center, which offers a broad selection of creative Chinese lifestyle products ranging from stylish houseware and decorative accessories to trendy gifts with a GFA of approximately 4,700 sq. m., were launched during the period under review. The Outlet Center, which has already incorporated a list of the major international sportswear brands since its opening in April 2011, recently extended its business to fashion, leather goods and accessories renowned brands.

As a modern integrated logistics platform, CSC Shenzhen makes available to its tenants and their customers a full range of integrated logistics and trade services and facilities, including trade centers, office facilities, residential facilities, both bonded and common warehousing, and hotel and dining. Banking and financial services, on-site logistics services and quality testing services provided by third parties are available in CSC Shenzhen as well. There are also on-site governmental organizations. Leveraging our strong brand recognition and increasing levels of traffic, food and beverage shops like McDonald and KFC; to banks that include Bank of China, ICBC, Agricultural Bank of China, Pingan Bank and Postal Savings Bank of China; as well as a variety of chain stores offering diversified services such as China Mobile, China Telecom, etc are well underway to serve our tenants and their customers for convenient one-stop services at CSC Shenzhen.

The total occupancy rates of CSC Shenzhen continued to rise during the period under review, alongside a steady increase in the rental rate. The total occupancy rate of the phase I trade centers and shops increased to 92% (30 September 2010: 86%), while the average monthly rental rate rose to approximately HK$33.6/sq. m. (30 September 2010: approximately HK$28.6/sq. m.). The total occupancy rate of the phase II trade centers and shops' launched GFA also rose to 47% (30 September 2010: 26%), while the average monthly rental rate reached approximately HK$35.9/sq. m. (30 September 2010: approximately HK$33.8/sq. m.). CSC Shenzhen's phase II office tower space achieved a high occupancy rate of 97% at the end of the period, while its rental rate rose to approximately HK$40.0/sq. m. (30 September 2010: approximately HK$38.5/sq. m.).

In addition, CSC Shenzhen entered into sales contracts totaling an approximately 33,680 sq. m. GFA of trade center units during the review period, representing a growth of 35.1% against the same period last year (six months ended 30 September 2010: approximately 24,900 sq. m.). The average selling price increased slightly to approximately HK$16,300/sq. m. (six months ended 30 September 2010: HK$15,900/sq. m.). Moreover, contracts for finance lease for a GFA of approximately 7,000 sq. m. of the office tower at an average rate of approximately HK$9,600/sq. m. (six months ended 30 September 2010: approximately HK$9,000/sq. m.), and a GFA of approximately 3,000 sq. m. of the residential properties at an average rate of approximately HK$7,400/sq. m. (six months ended 30 September 2010: approximately HK$6,400/sq. m.) were committed during the period under review.

Phase III of CSC Shenzhen has a planned total GFA of approximately 837,000 sq. m. for trade center and commercial complex, of which an office tower of approximately 52,000 sq. m. is expected to be completed in the second half of the fiscal year in order to meet the demand for quality office premises. Riding on the successful launch of the phase II office tower, a total GFA of approximately 22,500 sq. m. of the new office tower has been contracted for finance lease during the review period.

Industrial Fair at CSC Shenzhen

In April 2011, the Group continued to co-organize the 4th China (Shenzhen) International Industrial Fair ("CIIF") with the China Council for the Promotion of International Trade, China Chamber of International Commerce and the Shenzhen Municipal People's Government. With an aim to boost the economy of the region, the CIIF has become an annual signature event. The event not only boosted traffic and business flows at CSC Shenzhen, but also enhanced the Group's reputation.

China South City Nanchang

With a planned site area of approximately 1.55 million sq. m., CSC Nanchang is situated in Nanchang City, the capital city of Jiangxi Province. The project, with a planned total GFA of approximately 4.28 million sq. m., will provide a comprehensive set of facilities that includes trade centers, supporting commercial and residential facilities, warehouse facilities and car parks.

Benefiting from its strategic location in Nanchang, a major transportation hub in the southern part of China, CSC Nanchang is designed to serve the Pan Pearl River Delta and Yangtze River Delta regions. Along with the increasing economic importance of central China, CSC Nanchang is well-positioned to capture the fast growth in the region.

The project is developing in phases. The first phase, currently under construction, will feature a planned total GFA of approximately 1.07 million sq. m., including approximately 682,000 sq. m. of trade center units and approximately 384,000 sq. m. residential units. The construction of phase I began in January 2010 and the pre-sale of the two trade centers of textile and clothing, and leather and small commodities, together with residential ancillary was launched in late September 2011. There have been an aggregate total GFA of approximately 160,000 sq. m. signed for sales contracts and letters of intent, at an average selling price of approximately HK$11,700/sq. m. for trade center units and approximately HK$6,000/sq. m. for residential units by mid-November 2011.

China South City Nanning

CSC Nanning is strategically located in Nanning, the capital city of Guangxi Zhuang Autonomous Region, an important gateway between China and ASEAN. Capitalizing on its geographical advantage and the establishment of the China-ASEAN Free Trade Centre, CSC Nanning will be developed to serve manufacturers and merchants in the Northern Bay and Southeast Asia Region.

With a planned site area of approximately 1.83 million sq. m., CSC Nanning is expected to cover a total GFA of approximately 4.88 million sq. m.. The project is designed to provide a full array of facilities, including trade centers, supporting commercial and residential facilities, a hotel, warehouse facilities, and car parks upon completion. Phase I of the project, with a total GFA of approximately 1.31 million sq. m., will comprise approximately 855,000 sq. m. of logistics trade centers units and approximately 456,000 sq. m. of residential facilities, is under construction.

To pave the way for the project launch, pre-marketing for CSC Nanning has commenced. Apart from entering into a long-term lease contract with a professional market operator of home furnishing products in China for a whole block of trade centre, the Group has rolled out a registration event for merchants, in which a demand of GFA of approximately 300,000 sq. m. has been recorded by mid-November 2011. Driven by the strong demand arising from the local market and from cross border trade among China-ASEAN countries, the Group sees significant potential for development in CSC Nanning.

China-ASEAN Light Industrial Products Fair at CSC Nanning

The 8th China-ASEAN Light Industrial Products Fair, co-organized by the Ministries of Economy and Trade of China and the 10 ASEAN, and China-ASEAN Expo Secretariat, hosted by The People's Government of Guangxi Zhuang Autonomous Region, was successfully held at CSC Nanning in 22-26 October 2011 and it is one of the major annual events of the China-ASEAN Expo. Ridding on the success of last China-ASEAN Light Industrial Products Fair held in 2010, and with its growing importance in the region, CSC Nanning Exhibition Center was appointed as the official venue of the event by the China-ASEAN Expo Secretariat.

In view of the overwhelming responses from merchants, the exhibition area was increased to approximately 75,000 sq. m. in 2011 from approximately 14,100 sq. m. in 2010. The Fair also attracted 660 exhibitors (2010: 365), and more than approximately 560,000 domestic and international visitor counts this year (2010: approximately 335,000). The success of the fair not only boosted the traffic flow at CSC Nanning, but also enhanced the Group's brand recognition at the international level.

China South City Xi'an

CSC Xi'an, located in the Xi'an City, the capital city of Shaanxi Province, is situated amid an extensive transportation network in Northwestern China. Covering a total planned site area of 10 square kilometers ("sq. km."), the project has a planned total GFA of approximately 17.5 million sq. m., approximately half of which will be allocated for integrated logistics and trade centers, while the remaining is planned for ancillary facilities. CSC Xi'an is a joint venture between the Group and Xin Hao Da (Hong Kong) Holding Limited and is 65% owned by the Group.

Leveraging the strategic location of CSC Xi'an, the Group plans to capture opportunities arising from national strategic and urban development plans for the Western regions by positioning the project as a comprehensive logistics and trade center that serves the growing development needs of the Northwestern China. The project will tap the burgeoning market demand for trade centers in a broad range of industries, including machinery and hardware, construction materials and automobile accessories, and to fill the void of old trade centers in the city.

For the review period, CSC Xi'an acquired land with total site area of approximately 596,000 sq. m.. With extensive preparation work completed in advance, the construction of the trade center units and ancillary facilities of planned total GFA approximately 630,000 sq. m. commenced shortly after the acquisition.

During the period under review, the trade centers were opened for registration for merchants, reflecting a demand of GFA of approximately 796,000 sq. m. in the market by mid-November 2011. Riding on the enthusiastic response of the merchants, pre-sale of the trade centers is scheduled for the second half of the fiscal year.

China South City Heyuan

Located in Heyuan, Guangdong Province, China South City Heyuan comprised a residential segment with a total site area of approximately 1.14 million sq. m. and a large-scale integrated logistics and trade center under planning.

The residential segment of CSC Heyuan has been launched for sale since mid-January 2011. However, aimed at focusing on the Group's core business of developing and operating integrated logistics and trade centers in China, the Group disposed this residential segment for an aggregate consideration of approximately RMB967.8 million (approximately HK$1,185.9 million) for equity interest and assignment of loans due from the residential segment of CSC Heyuan on 28 September 2011. Upon the disposition, the Group secured contracted sales of approximately 16,700 sq. m. at an average selling price of approximately HK$10,500/sq. m. (FY2010/2011: approximately $9,990/sq. m.) for the review period.

For the integrated logistics and trade center to be developed at CSC Heyuan, a master agreement was signed with the government of Zijin County, Heyuan City in Guangdong Province (廣東省河源市紫金縣人民政府) in December 2010. In a bid to ensure that the development of the trade center segment be supported by the development and demand of the region, the blueprint will be announced later when conditions are appropriate.

Harbin Project

Riding on our successfully replicated business model, the Group entered into a project agreement in October 2011, after the framework agreement signed in June the same year, to develop and operate a large-scale integrated logistics and trade center in Harbin through a 51%-owned joint venture to be formed. With a planned total site area of approximately 10 sq. km. and a planned GFA of approximately 12 million sq. m., the project will be developed in phases. Taking advantage of its position in northeast China and its proximity to the China-Russia border, the project is aimed at better serving China's northeast regions and to facilitate cross-border trade with Russia, which would allow the Group to capture emerging opportunities in these areas.

Environmental Caring

With its commitment to both environmental and social sustainability, the Group has introduced advanced energy-saving technologies and systems to its projects during the period under review.

Commenced from 2011, the LED lighting system has been installed for all newly constructed buildings in CSC Shenzhen, CSC Nanning, CSC Nanchang and CSC Xi'an. With its features of durability, energy saving and low-carbon emission, the system will be further extended to other projects. Currently, an automation system that encompasses lighting, air-conditioning and elevators has also been widely adopted on most premises so as to reduce electricity usage and costs. In addition, in CSC Shenzhen, a government sponsored photovoltaic ("PV") system has been equipped on the rooftop of phase II office tower to power the DC LED lighting system at underground car parks. The same system in the largest-scale in China has already signed to install in CSC Nanning as well. The further utilization of less polluting or renewable energy and other energy management systems have been put into consideration or have been introduced to project plannings of the Group.

Furthermore, the Combined Cooling, Heating and Power system (CHP), consisting of the government-approved natural gas energy station, is now under construction in CSC Nanning. Given the system could recycle and reuse unconsumed energy, the site will save energy and costs and will feature lower levels of emissions. The decentralised energy system, CHP has been singled out in the Twelfth Five Year Plan in the area of energy conservation.

The Group will continue to explore advanced and practical methods to achieve its consistent goals in environmental and social sustainability in the future.

FINANCIAL REVIEW

For the six months ended 30 September 2011, the Group reported strong growth in its financial performance, with revenue growth of 47.1% to HK$868.6 million (six months ended 30 September 2010: HK$590.5 million), and profit attributable to owners of the parent for the period growing 56.6% to HK$543.6 million (six months ended 30 September 2010: HK$347.2 million). Excluding the effects of gains on the fair value of our investment properties and related tax effect, profit attributable to owners of the parent for the period as adjusted increased by 305.1% to HK$450.5 million (six months ended 30 September 2010: HK$111.2 million). Basic earnings per share increased to HK9.08 cents (six months ended 30 September 2010: HK5.80 cents).

Revenue

Revenue increased by 47.1% to HK$868.6 million (six months ended 30 September 2010: HK$590.5 million). The gain was mainly due to the increase in sales of trade center units at CSC Shenzhen and sales of residential properties at CSC Heyuan during the period under review.

	2011	2010	**Change**
	HK$'000	*HK$'000*	**%**
Sales of properties	**677,860**	381,523	**77.7%**
Sales of trade centers	***519,957***	*381,523*	*36.3%*
Sales of residential properties	***157,903***	–	*N/A*
Finance lease income	**84,297**	117,036	**(28.0%)**
Rental income	**75,192**	65,127	**15.5%**
Property management service income	**19,368**	15,810	**22.5%**
Hotel income	**10,769**	11,019	**(2.3%)**
Other fee income	**1,112**	–	**N/A**
	868,598	590,515	**47.1%**

Revenue from Sales of Properties

Revenue from sales of properties increased by 77.7% to HK$677.9 million (six months ended 30 September 2010: HK$381.5 million). The increase was mainly due to the increasing demand for our CSC Shenzhen trade center units and sales of residential properties located in CSC Heyuan. During the period under review, the Group sold approximately 33,680 sq. m. of trade center units, a significant increase of 35.1% compared to the 24,900 sq. m. sold in the corresponding period last year. The average selling price per sq. m. increased by approximately 2.5% to HK$16,300 (six months ended 30 September 2010: approximately HK$15,900/sq. m).

In residential properties, the Group sold approximately 16,700 sq. m. during the period under review at an average selling price of HK$10,500/sq. m.

Finance Lease Income

Finance lease income, derived from the leasing of office tower and residential properties in CSC Shenzhen, decreased by approximately 28.0% to HK$84.3 million (six months ended 30 September 2010: HK$117.0 million). The decrease was primarily due to the reduction in the remaining available office units for lease during the period. During the period under review, the Group entered into finance lease arrangements with tenants for approximately 7,000 sq. m. of office units (six months ended 30 September 2010: approximately 12,600 sq. m), at an average price of approximately HK$9,600/sq. m. (six months ended 30 September 2010: approximately HK$9,000/sq. m.).

Rental Income

Rental income increased by 15.5% to HK$75.2 million (six months ended 30 September 2010: HK$65.1 million). The increase was attributable to the continuous increase in rental income of CSC Shenzhen phase I and II trade center units.

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 2011, the total occupancy rate of phase I trade center and shops reached approximately 92%, while the total occupancy rate for phase II trade center and shops increased to 47% of the launched area. The average effective monthly rental rates for phase I and phase II trade centers and shops were approximately HK$33.6 per sq. m. and HK$35.9 per sq. m., respectively.

Property Management Service Income

Income from property management service rose by 22.5% to HK$19.4 million (six months ended 30 September 2010: HK$15.8 million). The increase in income was mainly due to the rising property management fee contribution from CSC Shenzhen phase II trade centers and supporting facilities, with an increase in total occupancy rate of up to 47% of launched area as at 30 September 2011.

Cost of Sales

Cost of sales of the Group mainly includes construction costs of properties sold, construction costs of properties under finance lease and rental expenses. Cost of sales increased by 35.5% to HK$350.6 million (six months ended 30 September 2010: HK$258.8 million). The increase was in line with the area of the properties sold and properties entered under finance lease arrangements during the period under review.

Gross Profit

Gross profit increased by 56.1% to HK$518.0 million (six months ended 30 September 2010: HK$331.7 million). Gross profit margin improved to 59.6% during the period under review (six months ended 30 September 2010: 56.2%). The rise 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. Revenue from the property development segment enjoyed a relatively higher gross profit margin of 65.7% when compared to the Group's other segments.

Other Income

Other income significantly increased by 2,552.2% to HK$524.0 million (six months ended 30 September 2010: HK$19.8 million). The increase was mainly due to the gains generated from disposal of subsidiaries.

During the period under review, the Group disposed of three wholly-owned subsidiaries: Fortune Pace Investments Limited, Fortune Great Investment Limited and China South City Enterprise (Heyuan) Co. Ltd ("Heyuan Enterprise"), which included development rights of the residential segment of the Heyuan project. The subsidiaries were disposed for a total consideration of RMB730 million, bringing to the Group after-tax gain of approximately HK$380.4 million.

Fair Value Gains on Investment Properties

The fair value gains on investment properties decreased by 58.0% to HK$150.7 million (six months ended 30 September 2010: HK$358.5 million). The decline in the balance was mainly due to the growth of property prices in Shenzhen, which was slowed down during the period under review.

Selling and Distribution Costs

Selling and distribution costs increased by 92.4% to HK$75.2 million (six months ended 30 September 2010: HK$39.1 million). The increase was mainly attributable to advertising and promotional expenses incurred by our new projects in Nanning, Nanchang and Xi'an during the period under review. These units are scheduled for pre-sale in the second half of the fiscal year.

Administrative Expenses

Administrative expenses increased by 85.9% to HK$160.6 million (six months ended 30 September 2010: HK$86.4 million). The increase was primarily due to the increase in business activities as a result of newly added projects underway and the expansion of the management team and employees. During the period under review, the Group has granted 226,900,000 share options to employees, and HK$30.3 million share option expenses were recorded.

Finance Costs

Finance costs were up by 32.5% to HK$22.3 million (six months ended 30 September 2010: HK$16.8 million). The rise was mainly attributable to an increase in new bank and other loans for general business purposes with interest expenses recorded through income statement. The increase in the interest rate reflecting the current rate announced by the People's Bank of China, also contribute to the increase in finance costs.

Tax

Tax expenses increased by 76.9% to HK$398.4 million (six months ended 30 September 2010: HK$225.3 million). The increase was in line with the increase in revenue, other income and pre-tax profit.

Prepayments, Deposits and Other Receivables

Prepayments, deposits and other receivables increased by 4,411.1% to HK$1,534.0 million (31 March 2011: HK$34.0 million). The increase was mainly arising from the consideration receivable generated from disposal of three wholly-owned subsidiaries with total consideration of RMB730 million and the consideration receivable for assignment of the loan due from these wholly-owned subsidiaries with total consideration of RMB237.8 million.

Trade and Other Payables

Trade and other payables increased by 172.9% to HK$3,613.2 million (31 March 2011: HK$1,324.1 million). The increase was mainly due to increase in construction fee and retention payable as construction in new projects are underway, and increase in sales and rental deposits received and receipt in advance arising from new projects.

Liquidity and Financial Resources

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

Borrowing and Charges on the Group's Assets

As at 30 September 2011, the Group had HK$3,408.7 million in cash and bank balances and restricted cash (31 March 2011: HK$4,564.5 million), among which non-restricted cash and bank balances were approximately HK$3,372.0 million (31 March 2011: HK$4,521.3 million). The Group's cash and bank balances and restricted cash were primarily denominated in RMB, HK dollars and US dollars.

As at 30 September 2011, the Group had approximately HK$6,498.4 million in interest-bearing bank and other borrowings and senior notes (31 March 2011: HK$6,142.8 million). The Group had aggregated interest-bearing bank and other borrowings of approximately HK$4,629.9 million as at 30 September 2011 (31 March 2011: HK$4,242.7 million), of which HK$2,748.6 million will be repayable within one year or on demand, approximately HK$656.2 million will be repayable in the second year, approximately HK$685.9 million will be repayable in the third to fifth years and approximately HK$539.2 million will be repayable after five years. As at 30 September 2011, the Group's interest-bearing bank and other borrowings of approximately HK$2,873.2 million were secured by certain buildings, hotel properties, investment properties, properties under development, properties held for sales and leasehold land with a total carrying value of approximately HK$10,384.7 million.

All interest-bearing bank and other borrowings of the Group bear interest at floating rates that range from 5.40% to 7.87% per annum and which are denominated in RMB. Furthermore, as at 30 September 2011, the Group had unused banking facilities of approximately HK$2,955.7 million. The Group will deploy these banking facilities as appropriate, depending on project development needs and working capital status.

In January 2011, the Company issued senior notes due in January 2016 with a nominal value of US$250 million (equivalent to approximately HK$1,950 million) at a coupon rate of 13.5% per annum for the purpose of financing existing and new projects and for general corporate use. In September 2011, the Company repurchased a portion of the senior notes with nominal value of US$5 million from the market. The repurchase price was at 74.15% of the senior notes's nominal value. Together with the pro rata accrued and unpaid interest, the repurchase was made at a total consideration of US$3,859,000, and a gain of HK$8,063,000 was recorded. As at 30 September 2011, the carrying value of the Group's senior notes was HK$1,868.5 million.

Gearing ratio

The Group's gearing ratio was 27% (net debt divided by total equity) as at 30 September 2011, which increased from 15% as at 31 March 2011 mainly due to payments made for project construction costs.

Net Current Assets and Current Ratio

As at 30 September 2011, the Group had net current assets of HK$1,799.9 million (31 March 2011: HK$2,064.7 million). Current ratio was at 1.24 (31 March 2011: 1.53).

Contingent Liabilities

The Group has provided guarantees with respect to banking facilities granted by certain banks in connection with 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 2011, the guarantees amounted to HK$77.9 million (31 March 2011: HK$152.6 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.

The Group provided guarantees for bank facility in the amount of HK$195.0 million to Heyuan Enterprise before it was disposed by the Group. Subsequent to the disposal and in accordance with the share transfer and loan assignment agreement, the purchaser has agreed to procure the release of guarantee provided by the Group within 9 months and pay on behalf of the Group for any payments if so requested by the bank relating to the bank facility.

Commitments

As at 30 September 2011, the Group had future capital expenditure contracted but not yet provided in the amount of HK$2,856.7 million (31 March 2011: HK$966.1 million), and authorized but not yet contracted in the amount of HK$2,382.7 million (31 March 2011: HK$6,408.7 million).

Foreign Exchange Risk

The Group conducts its business mainly in Renminbi; this includes our income and expenses, assets and liabilities. During the period under review, the exchange rate of Renminbi to HK dollars and US dollars increased steadily. The Group's management believes that the fluctuation of the Renminbi will not have a significant impact on the Group's operations. The Group has not issued any financial instruments for hedging purposes.

Acquisitions and Disposals of Subsidiaries and Associated Companies

Aside from the disposal of three wholly-owned subsidiaries – Fortune Pace Investments Limited, Fortune Great Investment Limited and China South City Enterprise (Heyuan) Company Limited – as mentioned above, the Group made neither material acquisitions nor disposals of subsidiaries and associated companies in the period under review.

Restriction on Sales

Pursuant to certain land grant contracts signed by CSC Shenzhen, the saleable GFA of CSC Shenzhen properties built on these parcels of land is limited to 30% of the total buildable GFA. The Group holds and builds the properties with restrictions for leases and for self-use. Pursuant to the land grant contracts signed by CSC Nanchang and CSC Nanning, respectively, the saleable GFA of trade centers and storage facilities built on these parcels of land 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. For CSC Xi'an, pursuant to the land grant contracts, there is no restriction on sales for all types of properties of the project. Despite these restrictions, the Group plans to hold no less than 50% of the total GFA of trade centers and storage facilities for leasing. Management believes that the Group can benefit by maintaining this optimal mix of properties held for sales and for investments.

Human Resources

As at 30 September 2011, the Group had a workforce of approximately 1,960 people, including approximately 1,770 people directly employed by the Group and approximately 190 people employed by our jointly-controlled entities. The number of staff increased by 4.8% from 1,870 as at 31 March 2011. 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 bonuses and share options may be awarded to employees who display outstanding performance and contributions to the Group. During the period under review, the Company has granted 226,900,000 share options to employees.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the period for the six months ended 30 September 2011, 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 on The Stock Exchange of Hong Kong Limited ("Listing Rules").

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 2011.

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. Leung Kwan Yuen Andrew, Mr. Hui Chiu Chung Stephen and Mr. Shi Wan Peng. 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 2011 have been reviewed by the Audit Committee and Ernst & Young in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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

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 and Executive Director

Hong Kong, 28 November 2011

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. Leung Kwan Yuen Andrew, GBS, SBS, JP, Mr. Li Wai Keung, Mr. Hui Chiu Chung Stephen, JP and Mr. Shi Wan Peng.