SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(incorporated in the Bermuda with limited liability)

(Stock Code: 0755)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

The Board of Directors of Shanghai Zendai Property Limited (the "**Company**") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2011.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

		Six months ended	
	Notes	**30 June 2011**	30 June 2010
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover	*3*	**1,322,680**	2,792,937
Cost of sales		**(601,454)**	(1,771,991)
Gross profit		**721,226**	1,020,946
Other income and gains		**117,791**	17,576
Distribution expenses		**(58,489)**	(36,958)
Administrative expenses		**(137,008)**	(137,299)
Reversal of impairment loss on property, plant and equipment		**–**	5,457
Reversal of impairment loss on payment for leasehold land held for own use under operating leases		**–**	39,148
Change in fair value of investment properties		**9,295**	7,231
Impairment loss on goodwill		**(1,040)**	–
Share of results of associates		**(54,583)**	40,324
Share of result of a jointly controlled entity		**(1,710)**	(1,020)
Finance costs		**(238,180)**	(105,869)

	Notes	Six months ended 30 June 2011 HK$'000 (Unaudited)	30 June 2010 HK$'000 (Unaudited)
Profit before income tax expenses	*4*	**357,302**	849,536
Tax expenses	*5*	**(255,367)**	(463,086)
Profit for the period		**101,935**	386,450
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**115,156**	22,273
Release of other revaluation reserve on disposal of properties for sales held by associates		**(9,902)**	(14,018)
Release of foreign exchange reserve upon disposal of subsidiaries		**(25,644)**	–
Tax expenses related to release of other revaluation reserve		**1,485**	2,103
Other comprehensive income for the period, net of tax		**81,095**	10,358
Total comprehensive income for the period		**183,030**	396,808
Profit/(loss) for the period attributable to:			
Owners of the Company		**108,251**	386,640
Non-controlling interests		**(6,316)**	(190)
		101,935	386,450
Total comprehensive income attributable to:			
Owners of the Company		**182,896**	395,635
Non-controlling interests		**134**	1,173
		183,030	396,808
Earnings per share			
Basic	*7*	**HK0.87 cents**	HK3.17 cents
Diluted		**HK0.87 cents**	HK3.17 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	30 June 2011 HK$'000 (Unaudited)	31 December 2010 HK$'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		**451,723**	400,498
Investment properties		**1,810,201**	1,769,068
Payment for leasehold land held for own use under operating leases		**594,638**	591,808
Goodwill		**101,211**	101,457
Interests in associates		**1,167,199**	1,328,800
Interest in a jointly controlled entity		**55,639**	56,000
Available-for-sale investments		**35,328**	27,797
Total non-current assets		**4,215,939**	4,275,428
Current assets			
Properties under development and for sales		**16,569,309**	15,427,690
Inventories		**2,557**	1,654
Trade and other receivables	*8*	**573,184**	351,131
Deposits for property development		**7,669**	67,672
Amounts due from associates		**426,010**	257,620
Amount due from a jointly controlled entity		**567,093**	525,962
Available-for-sale investments		**1,204**	589
Amounts due from related companies		**14,955**	13,193
Pledged bank deposits		**261,495**	393,945
Tax prepayments		**30,551**	16,810
Cash and cash equivalents		**1,313,391**	1,287,852
Total current assets		**19,767,418**	18,344,118
Total assets		**23,983,357**	22,619,546

	Notes	30 June 2011 HK$'000 (Unaudited)	31 December 2010 HK$'000 (Audited)
Liabilities			
Current liabilities			
Trade and other payables	*9*	**650,846**	661,929
Receipts in advance from customers		**2,767,981**	2,347,472
Amount due to an associate		**7,571,783**	7,471,706
Amounts due to related companies		**54,247**	50
Amount due to a non-controlling shareholder		**157,317**	19,203
Bank and other loans		**817,716**	896,698
Other borrowing	*10*	**1,153,800**	–
Senior loan notes	*11*	**1,077,455**	–
Tax payable		**1,475,914**	1,475,602
Total current liabilities		**15,727,059**	12,872,660
Net current assets		**4,040,359**	5,471,458
Total assets less current liabilities		**8,256,298**	9,746,886
Non-current liabilities			
Bank and other loans		**2,106,468**	1,644,557
Other borrowing	*10*	**–**	1,127,589
Senior loan notes	*11*	**–**	1,073,607
Deferred tax liabilities		**647,441**	638,521
Other payables		**134,413**	135,878
Total non-current liabilities		**2,888,322**	4,620,152
Total liabilities		**18,615,381**	17,492,812
TOTAL NET ASSETS		**5,367,976**	5,126,734
Capital and reserves attributable to owners of the Company			
Share capital		**249,838**	249,838
Reserves		**4,863,487**	4,680,591
Equity attributable to owners of the Company		**5,113,325**	4,930,429
Non-controlling interests		**254,651**	196,305
TOTAL EQUITY		**5,367,976**	5,126,734

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair value.

The accounting polices used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2010.

The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on 1 January 2011.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
Amendments to HK(IFRIC) – Interpretation 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the above new standards, amendments to standards and interpretations had no material effect on the reported results or financial position of the Group for both current and prior reporting periods.

The following new standards, amendments to standards and interpretations which are potentially relevant to the Group have been issued, but are not effective for the financial year beginning on 1 January 2011 and have not been early adopted:

HKFRS 1 (Amendments)	Disclosure – Severe Hyperinflation and Removal of Fixed Dates of First-time Adopters [1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets [1]
HKFRS 9	Financial Instruments [4]
HKFRS 10	Consolidated Financial Statements [4]
HKFRS 11	Joint Arrangements [4]
HKFRS 12	Disclosure of Interests in Other Entities [4]
HKFRS 13	Fair Value Measurement [4]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income [3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets [2]
HKAS 19 (2011)	Employee Benefits [4]
HKAS 27 (2011)	Separate Financial Statements [4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures [4]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of assessing the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports regularly reviewed by the chief operating decision maker that are used to assess performance and allocate resources. The chief operating decision maker considers the business primarily on the basis of the types of goods and services supplied by the Group. The Group is currently organised into four operating divisions which comprise (i) sales of properties; (ii) hotel operations; (iii) properties rental, management and agency services; and (iv) provision of travel and related services. The Group's operations are principally located in the People's Republic of China (the "PRC") and Hong Kong.

Certain revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision maker for assessment of segment performance.

Segment information is presented below:

(a) Information about reportable segment revenue, profit or loss and other information

	Sales of properties Six months ended 30 June		Hotel operations Six months ended 30 June		Properties rental, management and agency services Six months ended 30 June		Travel and related services Six months ended 30 June		Group Six months ended 30 June	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Reportable segment revenue – external sales	**1,125,693**	2,636,739	**76,085**	70,182	**115,327**	80,656	**5,575**	5,360	**1,322,680**	2,792,937
Reportable segment profit before income tax expenses	**555,400**	919,403	**13,566**	58,617	**35,535**	15,239	**33**	16	**604,534**	993,275
Other information										
Interest income	**410**	3,262	**40**	–	**280**	317	**–**	–	**730**	3,579
Interest income on loan to a jointly controlled entity	**16,087**	–	**–**	–	**–**	–	**–**	–	**16,087**	–
Depreciation of property, plant and equipment	**(2,185)**	(1,618)	**(7,306)**	(8,562)	**(573)**	(37)	**(21)**	(21)	**(10,085)**	(10,238)
Amortisation of payments for leasehold land held for own use under operating leases	**–**	–	**(9,685)**	(8,452)	**–**	–	**–**	–	**(9,685)**	(8,452)
Reversal of impairment loss on property, plant and equipment	**–**	–	**–**	5,457	**–**	–	**–**	–	**–**	5,457
Reversal of impairment loss on payments for leasehold land held for own use under operating leases	**–**	–	**–**	39,148	**–**	–	**–**	–	**–**	39,148
Reversal of impairment loss on other receivable	**19,995**	–	**–**	–	**–**	–	**–**	–	**19,995**	–
Change in fair value of investment properties	**–**	–	**–**	–	**9,295**	7,231	**–**	–	**9,295**	7,231
Gain on disposal of subsidiaries	**68,353**	2,632	**–**	–	**–**	–	**–**	–	**68,353**	2,632
Share of results of associates	**(54,583)**	40,324	**–**	–	**–**	–	**–**	–	**(54,583)**	40,324
Share of result of a jointly controlled entity	**(1,710)**	(1,020)	**–**	–	**–**	–	**–**	–	**(1,710)**	(1,020)
Impairment loss on goodwill	**(1,040)**	–	**–**	–	**–**	–	**–**	–	**(1,040)**	–

(b) Reconciliation of reportable segment profit

	Six months ended 30 June 2011 HK$'000 (Unaudited)	30 June 2010 HK$'000 (Unaudited)
Reportable segment profit before income tax expenses	**604,534**	993,275
Interest income	**2,623**	434
Dividend income from financial assets at fair value through profit or loss	**–**	40
Loss on fair value changes of financial assets at fair value through profit or loss	**–**	(2,202)
Finance costs	**(238,180)**	(105,869)
Unallocated head office and corporate expenses	**(11,675)**	(36,142)
Profit before income tax expenses	**357,302**	849,536

(c) Total segment assets

	30 June 2011 HK$'000 (Unaudited)	31 December 2010 HK$'000 (Audited)
Sales of properties	**20,505,076**	19,246,772
Hotel operations	**977,035**	929,554
Properties rental, management and agency services	**1,900,940**	1,928,060
Travel and related services	**1,633**	2,282
Unallocated		
– Pledged bank deposits	**261,495**	393,945
– Available-for-sale investments	**14,709**	14,709
– Unallocated head office and corporate assets	**322,469**	104,224
	23,983,357	22,619,546

4. PROFIT BEFORE INCOME TAX EXPENSES

	Six months ended 30 June 2011 HK$'000 (Unaudited)	30 June 2010 HK$'000 (Unaudited)
Profit before income tax expenses has been arrived at after charging:		
Depreciation on property, plant and equipment	**10,085**	10,238
Amortisation of payment for leasehold land held for own use under operating leases	**9,685**	8,452
Loss on fair value changes of financial assets at fair value through profit or loss	**–**	2,202
Exchange losses, net	**181**	121
and after crediting:		
Reversal of impairment loss on other receivable	**19,995**	–
Interest income on		
– Bank balances and deposits	**3,353**	4,013
– Loan to a jointly controlled entity	**16,087**	–
Gain on disposal of subsidiaries	**68,353**	2,632
Dividend income from financial assets at fair value through profit or loss	**–**	40
Gain on disposal of an available-for-sale investment	**23**	–

5. INCOME TAX EXPENSES

The amount of income tax expenses in the condensed consolidated statement of comprehensive income represents:

	Six months ended 30 June 2011 HK$'000 (Unaudited)	Six months ended 30 June 2010 HK$'000 (Unaudited)
Current tax – PRC Enterprise Income Tax ("EIT")		
– tax for the period	**132,082**	260,660
– under provision in respect of prior years	**19,126**	918
	151,208	261,578
Current tax – Land Appreciation Tax ("LAT")		
– tax for the period	**113,112**	242,345
– (over)/under provision in respect of prior years	**(7,481)**	10,108
	105,631	252,453
Deferred tax		
– current period	**(1,472)**	(50,945)
	255,367	463,086

Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the current and prior periods.

EIT

PRC subsidiaries of the Company are subject to EIT at rates ranging from 24% to 25% (six months ended 30 June 2010: 22% to 25%).

LAT

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including costs of land and development and construction expenditures.

Dividend withholding tax

In accordance with the PRC Enterprise Income Tax Law and the "Implementation Rules of the People's Republic of China on the Enterprise Income Tax Law" promulgated by the State Council on 6 December 2007 and effective 1 January 2008, an income tax rate of 10% (unless reduced by treaty) shall be applicable to any dividends payable to non-PRC enterprise investors from foreign invested enterprises. Provision for withholding tax is included in deferred taxation.

6. DIVIDEND

The directors do not recommend the payment of an interim dividend for the period (six months ended 30 June 2010: HK$Nil).

7. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended	
	30 June 2011	30 June 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company	**108,251**	386,640
	Number of shares (thousands)	Number of shares (thousands)
Weighted average number of ordinary shares in issue	**12,491,906**	12,179,851
	HK cents	*HK cents*
Basic earnings per share	**0.87**	3.17

(b) Diluted

Diluted earnings per share is calculated based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period after adjusting for the number of dilutive potential ordinary shares arising from shares options granted.

	Six months ended	
	30 June 2011	30 June 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company for basic and diluted earnings per share	**108,251**	386,640
	Number of shares (thousands)	Number of shares (thousands)
Weighted average number of ordinary shares in issue	**12,491,906**	12,179,851
Effect of dilutive potential ordinary shares on share options *(note)*	**–**	9,467
Weighted average number of ordinary shares for diluted earnings per share	**12,491,906**	12,189,318
	HK cents	*HK cents*
Diluted earnings per share	**0.87**	3.17

Note:

During the six months ended 30 June 2011, there are no dilutive effects on the share options granted as they are anti-dilutive to the basic earnings per share. Share options that were not dilutive may affect earnings per share in future periods.

8. TRADE AND OTHER RECEIVABLES

The Group generally grants no credit period to its customers on sales of properties, except for certain significant transactions where credit terms or settlement schedules are negotiated on an individual basis. No credit period is granted to tenants for leasing of investment properties. A credit period ranging from 30 to 60 days is granted to customers in travel and related services.

Included in trade and other receivables of the Group are trade receivables of HK$184,012,000 (31 December 2010: HK$36,702,000). The aging analysis of trade receivables at the end of reporting period is as follows:

	30 June 2011 *HK$'000* **(Unaudited)**	31 December 2010 *HK$'000* (Audited)
Current	**129,272**	4,406
Less than 1 month past due	**1,812**	4,675
1 to 3 months past due	**3,154**	12,073
More than 3 months but less than 12 months past due	**46,415**	13,707
More than 12 months past due	**3,359**	1,841
Amount past due at end of reporting period but not impaired *(note)*	**54,740**	32,296
	184,012	36,702

Note:

The balance of HK$54,740,000 (31 December 2010: HK$32,296,000) was past due but not impaired. For past due but not impaired receivables relating to sales of properties, the Group has the right to cancel the sales contracts and take over the legal title and possession of the underlying properties for re-sales when the purchasers have default in repayment. For past due but not impaired receivables relating to properties rental, management and agency services, they related to a number of customers with good repayment history. Therefore, the management considered that no impairment loss is required to be recognised.

9. TRADE AND OTHER PAYABLES

Included in trade and other payables of the Group are trade payables of HK$339,875,000 (31 December 2010: HK$443,545,000). The aging analysis of trade payables at the end of reporting period is as follows:

	30 June 2011 *HK$'000* **(Unaudited)**	31 December 2010 *HK$'000* (Audited)
Current or less than 1 month	**1,797**	18,375
1 – 3 months	**74,331**	131,213
More than 3 months but less than 12 months	**65,877**	11,684
More than 12 months	**166,255**	261,419
	308,260	422,691
Retention money	**31,615**	20,854
	339,875	443,545

The trade payables mainly represented accrued construction costs payable to contractors and the amounts will be paid upon the completion of cost verification process between the contractors and the Group.

10. OTHER BORROWING

On 8 October 2010, 上海証大五道口房地產開發有限公司 ("証大五道口"), a subsidiary of the Company, entered into an agreement with 新華信託股份有限公司 (the "Trustee") whereby the Trustee has set up a trust fund to raise capital of RMB958 million (the "Principal") for 証大五道口 to finance its investment in an associate, 上海海之門房地產投資管理有限公司 ("海之門"). The fund will mature in 18 months from October 2010. 証大五道口 is required to pay an annual return ranging from 8% to 13.5% per annum of the Principal to the fund investors and a service fee at 2.3% per annum of the Principal to the Trustee. These expenses have been recognised in the profit or loss as finance costs.

Since the other borrowing will mature within 12 months from the end of reporting period, the carrying amount of other borrowing has been reclassified from non-current liabilities to current liabilities as at 30 June 2011.

11. SENIOR LOAN NOTES

On 6 June 2007, the Company issued senior loan notes (the "Notes") of US$150 million with maturity date on 6 June 2012. The Notes carry interest at 10% per annum and are payable semi-annually in arrears on 6 June and 6 December of each year, beginning on 6 December 2007. The Notes are secured by the shares of certain subsidiaries incorporated in Hong Kong and British Virgin Islands, corporate guarantees of certain subsidiaries and listed on the Singapore Exchange Securities Trading Limited.

Since the Notes will mature within 12 months from the end of reporting period, the carrying amount of the Notes has been reclassified from non-current liabilities to current liabilities as at 30 June 2011.

12. DISPOSAL OF SUBSIDIARIES

On 28 June 2011, the Group disposed of its 100% equity interest in Howei International Investment Limited and its subsidiaries (collectively referred to as the "Howei Group") to an independent third party at a consideration of RMB218,341,000 (approximately HK$263,011,000). The net assets of Howei Group at the date of disposal were as follows:

	HK$'000 (Unaudited)
Property under development	150,474
Cash and cash equivalents	69,828
Shareholder's loan	(195,033)
Net assets disposed of	25,269
Gain on disposal	68,353
Repayment of shareholder's loan	195,033
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on disposal of subsidiaries	(25,644)
Total consideration	263,011
Total consideration satisfied by:	
Cash	263,011
Net cash inflow/(outflow) arising on disposal	
Cash consideration obtained from disposal	263,011
Cash and bank balances disposed of	(69,828)
	193,183

13. **CONTINGENT LIABILITIES**

The Group provided guarantees to the extent of HK$392,801,000 at 30 June 2011 (31 December 2010: HK$335,233,000) for customers in favour of banks in respect of mortgage loans provided by the banks to customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The Board of Directors (the "Directors") of Shanghai Zendai Property Limited (the "Company") is pleased to announce the interim results of the Company and its subsidiaries (collectively the "Group") for the period ended 30 June 2011 (the "period" or "period under review").

During the period under review, turnover of the Group amounted to approximately HK$1,322,680,000, a decrease of 53% against approximately HK$2,792,937,000 the same period last year. Profit attributable to shareholders of the Company (the "Shareholders") declined by around 72% to approximately HK$108,251,000 as compared with HK$386,640,000 in the first half of last year. Basic earnings per share of the Company (the "Share") were HK0.87 cents (first half of 2010: HK3.17 cents). The considerable decrease in turnover and profit of the Group for the period were due to substantially less property were delivered and the increase in finance cost as compared to the corresponding period in last year. The Group's turnover and profit for the period were mainly generated from:

- Delivery of office buildings in "Wu Dao Kou Financial Center" and "Zendai Cube Tower" in Shanghai
- Delivery of office buildings in "Zendai International Financial Center" in Hainan
- Delivery of Mandarin Palace villa
- Delivery of residential properties in Changchun, Jilin, Haimen and Chengdu

Business Review

In the first half of 2011, the People's Republic of China (the "PRC") launched stricter austerity measures to facilitate the healthy development of the property market. The policies of restrictions on property purchase and tightening of mortgages have helped slow down the rise in property prices. With the rapid growth of the PRC's cities, the demand for quality properties from buyers continued to rise which supported both property prices and sales volume. Performance of the residential property market in the second- and third-tier cities was especially outstanding. In addition, commercial properties also showed strong performance in terms of transaction volume, price and rental along with the further growth in the PRC economy.

During the period under review, the Group continued to consolidate its position as a leading integrated commercial property project developer in the PRC and promote the development and sales of commercial and residential properties. The Group focused on quality mid-range to high-end projects which have been well received by buyers and resulted in satisfactory sales. Himalayas Center, the largest integrated cultural and commercial property in Shanghai, has been operating smoothly after opening and has become a new landmark in Shanghai. The Jumeirah Himalayas Hotel Shanghai located in Himalayas Center has also commenced business on 30 March 2011. It is the first five-star hotel in Asia Pacific region managed by the award winning Jumeirah Hotel Group, a luxury hotel group in Dubai. This flagship project should enhance the Group's brand awareness and add a new dimension to the Group's projects, thus creating a new landmark which integrates the features of urban cultural and commercial projects.

Commercial Property Projects

Shanghai

Wu Dao Kou Financial Centre

"Wu Dao Kou Financial Centre", is a grade A commercial project of the Group in Pudong, Shanghai. It comprises a south tower and a north tower, with a total saleable area of 83,265 square metres. The south tower, with a total floor area of 25,865 square metres, was acquired by Evergreen Group of Taiwan as its Asia Pacific headquarters and has been delivered. The North Tower, comprised of office and ancillary commercial space with a total floor area of 57,400 square metres had 56,908 square metres sold and delivered as at 30 June 2011. During the period, 4,842 square metres were delivered and a contract value totaling RMB255,025,000 (equivalent to HK$303,891,000) has been recognised as turnover.

Zendai Cube Tower

"Zendai Cube Tower", another grade A office building of the Group in Pudong, Shanghai comprises office and commercial space with a total floor area of 33,149 square metres. As at 30 June 2011, a cumulative floor area of 33,149 square metres was sold and 1,702 square metres were delivered during the period. A contract value totaling RMB55,317,000 (equivalent to HK$65,916,000) was recognised as turnover.

Zendai Thumb Plaza

The area of retail shops in "Zendai Thumb Plaza" owned by the Group in Shanghai covers a total floor area of 47,382 square metres with 447 underground car parking spaces. Zendai Thumb Plaza is a modern integrated commercial complex in a prime location near Century Park and the Lujiazui financial district. In 2010, the Group has finished upgrade work in order to enhance the Plaza's image. As at 30 June 2011, more than 90% of the commercial space in the Plaza was leased. Rental income recognised during the period was RMB35,203,000 (equivalent to HK$41,948,000).

Radisson Hotel Pudong

The Group's five-star Radisson Hotel is located in Zendai Thumb Plaza. The 18-storey hotel boasts a gross floor area of 31,826 square metres and 361 guest rooms, a four-storey ancillary building and one level of basement. It is managed under the "Radisson" brand by Carlson Companies. The average occupancy rate of the hotel was 67% in the first half of 2011. Total income of the hotel during the period reached RMB63,851,000 (equivalent to HK$76,085,000), a gain of 3.4 % from the last corresponding period.

Himalayas Center

"Himalayas Center", the largest urban integrated cultural and commercial property in Shanghai and 45% owned by the Group, is situated on a prime location in Pudong facing the Shanghai New International Expo Center. Furthermore, the Fangdian Road station exit of the Metro Line 7 directly links with the basement of the Center's shopping mall and it is also near the Long Yang Road Station, the junction of Metro Line 2 and the Shanghai Maglev Line. The project occupies a site area of 28,893 square metres with a total gross floor area of approximately 164,500 square metres, including a commercial area of approximately 55,700 square metres.

The Himalayas Center is an amalgam of the Jumeirah Himalayas Hotel Shanghai, the Himalayas Art Museum, the DaGuan Theatre and Shopping Centre and will be completed in phases between February 2011 and the third quarter of 2011. The Jumeirah Himalayas Hotel Shanghai with a total gross floor area of approximately 66,400 square metres, has 405 guest rooms. It is the first hotel in China managed by Jumeirah Hotel Group from Dubai. Trial operations has commenced in March 2011. The Himalayas Art Museum is the first large open museum in the world and the DaGuan Theatre is the official venue of the "Shanghai International Film Festival".

The Himalayas Center was designed by Arata Isozaki, an internationally acclaimed architect. Guided by an architectural theme of the modern panoramic natural landscape and greenery, the Center includes the city's largest "specially contoured" building, which has an overall height of 31.5 metres and comprises 29 single building units in different styles, complemented by the largest sky garden in Shanghai. The design of the project has received numerous awards.

Parcel of Land in Qingpu District

The Group has a 140,099 square metres parcel of land in the tourist site of Zhujiajiao Town, Qingpu District, Shanghai. It is to be developed as an integrated project comprising mid-to-high-end apartments, retail shops, hotels and a club house, with a gross floor area of approximately 180,000 square metres. The Project is to be divided into two phases. Phase I with a gross floor area of approximately 124,634 square metres contains both residential (43,299 square metres) and commercial areas (57,782 square metres) as well as a business hotel (23,553 square metres). Construction has started in the first quarter of 2011, while pre-sale of the residential and commercial areas is scheduled to start in the third quarter of 2011 and to be delivered in the second quarter of 2012. Construction of the business hotel will be completed in the third quarter of 2012. Phase II with a gross floor area of approximately 55,390 square metres has construction planned to commence in the third quarter of 2011 with a commercial plaza and resort hotel to be erected. Pre-sale of the commercial plaza is expected to begin in the second quarter of 2012 and construction of the whole project is to be completed by the end of 2012.

Parcel of Land in the Bund, Shanghai

The Group has succeeded in its bid for the land parcel of 外灘國際金融中心 (8-1) (the "Land Parcel") in Shanghai in 2010. It is located at the Bund in the dynamic Huangpu District, in the prestigious central financial and commercial district within Shanghai. The Land Parcel offers a panoramic view from the bank of the Huangpu River, the Shanghai World Financial Center and Jin Mao Tower in Pudong district.

The Land Parcel has a total site area of 45,472 square metres with the total gross floor area in the planned above-ground space covering approximately 270,000 square metres and an additional 100,000 square metres of underground space. It has been designated for integrated office, commercial, financial and cultural use. Construction is expected to commence by the end of this year.

Other Cities

Qingdao "Zendai Thumb Plaza"

The Group owns a parcel of land in Laoshan District, Qingdao City, Shandong Province, in the PRC. The approximately 38,092 square metres site is located northwest of the junction of Haier Road and Tongan Road, and is intended to be developed into an integrated project, "Qingdao Zendai Thumb Plaza". The project includes retail shops (68,000 square metres), a hotel (20,000 square metres), serviced apartments (64,000 square metres) and a car park (63,000 square metres), with a gross floor area of approximately 215,000 square metres. The construction work has begun in June, 2010 and the entire project is expected to be completed by end of 2011. Pre-sale of part of the serviced apartment has commenced in June 2011. As at 30 June 2011, a total saleable area of 15,034 square metres had been sold, generating RMB253,559,000 (equivalent to approximately HK$302,144,000) of total contract value for the Group.

A Parcel of Land in Lao Shan District, Qingdao City

The Group has a 45% interest in a parcel of land in the Laoshan District of Qingdao City, Shandong Province. This site covering approximately 43,613 square metres in southwestern Laoshan District of Qingdao City is bounded by Hongkong Road to its south and Songling Road to its west. The site is intended for development of an integrated project named "Qingdao Shangshi International Plaza" which comprises serviced apartments, residential apartments and an underground car park. The project with a total gross floor area of approximately 143,000 square metres is to be constructed in phases. Phase I comprising five 28- to 30-storey high-end residential buildings with a gross floor area of approximately 66,190 square metres was completed and delivered in 2010. Other parts of the project are still under planning.

Yangzhou Commercial Project

The Group is developing an integrated property project for commercial, cultural, leisure and entertainment use in the heart of Yangzhou City, including a cultural sightseeing area and a commercial district. The project has a total saleable area of approximately 81,200 square metres. It is to be developed in two phases. Phase I includes 12 blocks and 243 units was completed in 2010 and the property is reserved for leasing, with a gross area of approximately 20,089 square metres. Planning of Phase II is currently underway.

Haikou Project

The Group owns "Zendai International Financial Centre", a project under development with a saleable area of approximately 56,237 square metres in Haikou City, Hainan Province. The project was completed at the end of 2010. As at 30 June 2011, a total gross floor area of 24,544 square metres was sold, generating a total contract value of RMB404,775,000 (equivalent to HK$482,334,000). Among this area, 5,117 square metres were sold during the period, generating a total contract value of RMB97,084,000 (equivalent to HK$115,686,000). Of this, 21,833 square metres were delivered during the period and a total contract value of RMB367,175,000 (equivalent to HK$437,530,000) was recognised as turnover.

A Parcel of Land in Chenmai County, Hainan Province

The Group owns 60% interest in a parcel of land in Chenmai County, Hainan with a site area of 1,309,563 square metres. The land is intended to be developed into a leisure-related commercial and residential property, including hotels, villas and other related facilities. Related layouts and concrete design are currently on the drawing board.

"Zhongke Langfang Technology Valley" in Langfang City

The Group and Shan Shan Investment Holdings Co., Limited ("Shan Shan Investment") are jointly developing the "Zhongke Langfang Technology Valley" ("Technology Valley") in Langfang City, Hebei Province. The project has a total site area of approximately 3,300,000 square metres, around 30% of which is to be used for development of commercial properties. The project is intended to become a technology research and development centre with Silicon Valley in the US as a role model. Construction of infrastructure has been completed and it is now launching for tenants. The first batch of tenants to be stationed in the Technology Valley includes seven research centers under the Chinese Academy of Science. The strategic alliance facilitates the Group to gain a foothold in the Bohai Rim to seize business opportunities.

Land Parcels in Nantong City, Jiangsu

The Group owns 50% equity of two parcels of land in Nantong City, Jiangsu Province, the PRC. The total site area of the land parcels is 281,912 square metres.

The two parcels of land are located in the southern part of Chongchuan District in Nantong City and are expected to be developed into a prestigious commercial area and residential community. Shanghai Zendai Land is to assume a leading role in the management of the project. The Group is planning to develop the land parcels into a large scale commercial and residential project modeled after Shanghai Zendai Thumb Plaza with a total gross floor area of approximately 201,680 square metres. Construction is to be divided into three phases. The first phase, with a total commercial area of approximately 51,680 square metres, was completed in June 2011. The second phase is intended to be a residential project with a total gross floor area of approximately 109,200 square metres. Construction has started in the fourth quarter of 2010 and is expected to be completed in October 2012. Pre-sale is planned to start in November 2011. The third phase is a commercial area of approximately 40,800 square metres, with construction to start in 2013.

Residential Projects

Shanghai

Mandarin Palace

"Mandarin Palace", the Group's premium residential project in Shanghai, comprises 54 villas with a total saleable area of approximately 39,696 square metres.

As at 30 June 2011, 47 villas with total saleable area of 33,641 square metres has been sold. During the period, one villa with a total saleable area of 605 square metres was delivered and a total contract value of RMB66,500,000 (equivalent to HK$79,242,000) has been recorded in the period.

Zendai Yuanshen Financial Building – Zendai Quantland

"Zendai Yuanshen Financial Building" is located in Pudong, Shanghai. The "Zendai Quantland" residential units in the building have total residential and commercial saleable areas of approximately 22,100 square metres and 9,308 square metres respectively. As at 30 June 2011, a cumulative area of 31,316 square metres was sold. Approximately 800 square metres were sold and delivered during the period, generating RMB41,504,000 (equivalent to HK$49,457,000) in turnover.

Other Cities

"Valley International" in Jilin

Occupying a 191,100 square metres site, the total saleable area of the residential project "Valley International" is approximately 201,000 square metres. The project is to be developed in four phases.

"楓林別墅", the first phase of the project, comprises 118 town houses and 11 villas with a saleable area of 39,252 square metres. As at 30 June 2011, a total saleable area of 38,987 square metres were sold, carrying a total contract value of RMB174,792,000 (equivalent to HK$208,284,000).

The second phase of the project will comprise four low-rise blocks and seven high-rise residential blocks, providing 503 residential units and ancillary commercial facilities in aggregate, with a saleable area of approximately 82,189 square metres (78,384 square metres will be for residential use and 3,805 square metres will be for commercial use). Construction of the 11 buildings will be delivered in three batches.

Construction of the first batch comprising four low-rise blocks with a saleable residential area of approximately 22,996 square metres was completed. The units were all sold out last year.

The second batch comprises five high-rise blocks, with a saleable residential area of approximately 41,634 square metres. As at 30 June 2011, a total saleable area of 24,349 square metres has been sold, carrying a total contract value of RMB130,937,000 (equivalent to HK$156,026,000). During the period under review, a saleable area of approximately 7,370 square metres was sold, generating RMB44,729,000 (equivalent to HK$53,300,000) in contract value. A total area of 1,209 square metres has been delivered during the period under review and a total contract value of RMB5,946,000 (equivalent to HK$7,085,000) was recognised as turnover.

The third batch comprises two high-rise blocks, with a saleable residential area of approximately 13,754 square metres. Pre-sale of the units commenced in the second quarter of 2011. During the period under review, a saleable area of 954 square metres was sold, generating RMB6,312,000 (equivalent to HK$7,521,000) of contract value. The units are planned to be delivered in the fourth quarter of 2011.

The third phase of the project is to provide 117 villas and town houses with a saleable area of approximately 44,500 square metres. Construction was completed in the second quarter of 2010. As at 30 June 2011, a total saleable area of 44,042 square metres has been sold, carrying a total contract value of RMB242,877,000 (equivalent to HK$289,415,000). During the period under review, a saleable area of approximately 1,533 square metres was sold, generating RMB9,766,000 (equivalent to HK$11,637,000) in contract value.

Specific planning is still under progress for phase four of the project which will be developed into villas with a saleable area of approximately 34,920 square metres.

"Zendai Ideal City" In Changchun

Located in Changchun, "Zendai Ideal City" is to comprise residential properties and ancillary commercial space on a 225,139 square metres site, with a total saleable area of 352,300 square metres. The project is to be constructed in five phases. The first phase is to have a total saleable area of approximately 112,000 square metres on an approximately 77,300 square metres site (106,300 square metres will be for residential use and 5,700 square metres will be for commercial use). It is to include 23 multi-storey residential buildings and three high-rise residential buildings, offering a total of 1,210 units and related ancillary commercial facilities. As at 30 June 2011, 1,207 residential units with a total saleable area of 105,644 square metres in the first phase were sold, generating a total contract value of RMB358,757,000 (equivalent to HK$427,499,000). During the period under review, the Group delivered 5 residential units with an area of 664 square metres and a contract value of RMB2,620,000 (equivalent to HK$3,122,021) was recognised as turnover.

The second phase of the project is planned to be developed into 19 multi-storey residential buildings, 10 high-rise residential buildings and ancillary commercial facilities, with a total saleable area of about 114,074 square metres (of this, 102,371 square metres would be for residential use and 11,703 square metres would be for commercial use). Construction was completed in 2010. A total saleable area of 100,643 square metres has been sold, carrying a total contract value of RMB394,389,000 (equivalent to HK$469,958,000). During the period under review, the Group delivered an area of 1,114 square metres and a contract value of RMB4,726,000 (equivalent to HK$5,632,000) was recognised as turnover.

The third phase of the project is to be developed into 16 multi-storey and 8 high rise residential complexes with retail shops and a total saleable area of about 126,238 square metres (of which the residential area accounts for 112,769 square metres and commercial space accounts for 13,469 square metres). The construction has commenced in May 2010, while pre-sale has started in early 2011. As at 30 June 2011, a total saleable area of 31,511 square metres was sold, generating a total contract value of RMB184,948,000 (equivalent to HK$220,386,000). The third phase of the project is to be delivered in batches starting from the second half of 2011.

"Zendai Garden-Riverside Town" in Haimen

The "Zendai Garden-Riverside Town" project in Haimen, Jiangsu Province comprises two parcels of land occupying a total site area of 1,388,872 square metres.

The first parcel has an area of 577,336 square metres and is to be developed into two parts. "Dong Zhou Mansion", the first part of the parcel, is being developed in three phases with Phase I offering 52 villas. The last block of the villas was sold during the review period with total saleable area of 304 square metres, generating RMB2,175,000 (equivalent to HK$2,592,000) of contract value. Phases II and III of the "Dong Zhou Mansion" are still in the planning stage.

"Multiflora Garden", on the second part of the parcel of land, is to be developed in three phases into an integrated residential area comprising low density town houses. Phases I and II offer 212 units with a saleable area of approximately 57,500 square metres. As at 30 June 2011, a total saleable area of 54,238 square metres were sold, generating a total contract value of RMB253,059,000 (equivalent to HK$301,548,000). During the period under review, the Group delivered 1 unit totalling 291 square metres and recognised the sum total of its contract of RMB1,097,000 (equivalent to HK$1,307,000) as turnover. Phase III of Multiflora Garden has a total gross floor area of approximately 112,190 square metres and a saleable area of approximately 91,979 square metres. Construction has been underway since early 2010 while presale has started in September 2010. As at 30 June 2011, a cumulative 74 units with a total saleable area of 22,870 square metres were sold, generating a total contract value of RMB138,821,000 (equivalent to HK$165,421,000).

The second parcel with an area of approximately 811,536 square metres is to be developed into residential properties in phases. The construction of the first phase, "清華園生態花園洋房", with an area of approximately 42,070 square metres and a saleable area of approximately 63,886 square metres, was completed in November 2010. As at 30 June 2011, a cumulative area of 34,284 square metres was sold. Approximately 18,709 square metres were sold during the period, generating RMB87,477,000 (equivalent to HK$104,239,000) in contract value. During the period under review, an area of 10,607 square metres has been delivered and a total contract value of RMB48,196,000 (equivalent to HK$57,431,000) was recognised as turnover. Other aspects of development are currently under planning.

Chengdu "山水琨玉"

The Group's multi-storey residential project with ancillary commercial facilities in Chengdu, Sichuan Province, with a total saleable area of 33,002 square metres, has completed construction in December 2010. As at 30 June 2011, the units were all sold out. An area of 3,770 square metres was delivered and a total contract value of RMB40,348,000 (equivalent to HK$48,079,000) was recognised as turnover in the review period.

Land Parcels in Inner Mongolia Autonomous Region

The Group owns two parcels of land in Dongsheng Kangbashi New Area, Ordos City, Inner Mongolia Autonomous Region, the PRC, with a total site area of 248,118 square metres The two land parcels is intended to be developed into villas with a planned saleable area of 122,890 square metres. Construction has commenced in March 2011 and is expected to be completed and delivered in October 2012. Pre-sale will begin in October 2011.

Huzhou in Zhejiang Province

The Group's parcel of land with an area of approximately 59,935 square metres in Huzhou, Zhejiang Province was sold in June 2011. The total consideration of HK$263,011,000 will be used for the Group's acquisition of real estate projects in future.

Prospects

Looking at the second half of the year, the management believes that the austerity measures targeting the property market and control over property price remain the key issues of the property market in the PRC. Restrictions on property purchase and tightened housing loan policy will suppress investment sentiment as well as property speculation. With the PRC Government stepping up efforts to construct subsidised housing, the market supply is expected to increase in the second half year and help adjust the property price. However, factors such as increasing urbanisation and rising household income should continue to support the development of the property market in the PRC. High quality housing should continue to be well received by the market. In the long term, the Group has strong confidence in the prospects of the property market in the PRC.

In addition, the Group will monitor closely the macro-economic control policies of the PRC Government. It will adjust the development strategies when appropriate. To solidify its positioning of "rooted in Shanghai with a presence across the country", the Group will boost the competitiveness of its products in first-tier cities such as Shanghai by providing quality properties and strengthening cost control measures. In the meantime, in the second-tier cities which are undergoing rapid urbanisation, the Group will establish quality residential communities to meet the growing housing and living needs of residents. It will also focus on the development of commercial properties and carefully seek investment opportunities to generate better returns for its shareholders.

LIQUIDITY, FINANCIAL RESOURCES, CAPITAL STRUCTURE AND GEARING

As at 30 June 2011 the Group had a healthy financial position with net assets amounting to approximately HK$5,368 million (31 December 2010: HK$5,127 million.) Net current assets amounted to approximately HK$4,040 million (31 December 2010: approximately HK$5,471 million) with current ratio of approximately 1.26 times (31 December 2010: 1.43 times). The Group adopted relatively prudent financial policy and closely monitored its cash flow. As at 30 June 2011, the Group had consolidated bank and other loans of approximately HK$2,924 million in which HK$818 million was repayable within one year and HK$2,106 million was repayable more than one year. As at 30 June 2011, the Group's bank balances and cash including pledged bank deposits were approximately HK$1,575 million. The gearing ratio of the Group increased from 0.96 times as at 31 December 2010 to 1.02 times as at 30 June 2011 (basis: total of amounts due to related companies, bank and other loans, senior loan notes and other borrowing divided by Shareholders' funds).

SEGMENT INFORMATION

Sales of properties

The turnover of this segment for the period amounted to HK$1,125,693,000 (six months ended 30 June 2010: HK$2,636,739,000). The substantial decrease was due to considerably less properties were delivered.

Travel and related business

The turnover of this segment for the period reached approximately HK$5,575,000 (six months ended 30 June 2010: HK$5,360,000).

Property rental, management and agency services

The turnover of this segment for the period was approximately HK$115,327,000 (six months ended 30 June 2010: HK$80,656,000). The increase was due to the increase in rent and management fee charged.

Hotel Operations

The turnover of this segment for the period was HK$76,085,000 (six months ended 30 June 2010: HK$70,182,000). The increase was due to the increase in room rate during the period.

FOREIGN CURRENCY EXPOSURES

The operations of the Group are mainly carried out in the PRC with most transactions settled in RMB. The Group undertakes certain transactions denominated in currencies other than RMB, hence exposures to exchange rate fluctuations arise. The Group's cash and cash equivalents and senior loan notes also expose to such foreign currency risk. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

EMPLOYEES

As at 30 June 2011, the Group employed approximately 1,490 employees (31 December 2010: 1,300) in Hong Kong and the PRC. They were remunerated according to the nature of the job and market conditions. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, insurance and medical insurance and share option scheme.

CHARGE ON ASSETS

As at 30 June 2011, the Group's property, plant and equipment, payment for leasehold land held for own use under operating leases, investment properties, properties under development and for sales and pledged bank deposits of approximately HK$368,961,000, HK$594,638,000, HK$1,810,201,000, HK$1,516,844,000 and HK$261,495,000 respectively had been pledged to banks to secure bank and other loans granted to the Group.

The Group pledged 10% equity interest in 上海海之門房地產投資管理有限公司(「海之門」), being an associate of the Group with attributable carrying amount of HK$120,497,000 (31 December 2010: HK$117,818,000) and entire interest in a subsidiary, 上海証大西鎮置業有限公司 which has properties under development with carrying amount of HK$601,153,000 (31 December 2010: HK$568,231,000) for other financing arrangements of the Group. Moreover, the Group pledged 45% equity interest in Shanghai Zendai Himalayas Real Estate Company Limited, being an associate of the Group with attributable carrying amount of HK$424,057,000 (31 December 2010: HK$458,730,000) to secure the shareholder's loan provided to 海之門.

The Group also pledged its equity interests in certain subsidiaries to secure the senior loan notes.

CONTINGENT LIABILITIES

The Group provided guarantees of HK$392,801,000 at 30 June 2011 (31 December 2010: HK$335,233,000) for customers in favour of banks in respect of the mortgage loans provided by the banks to customers for the purchase of the Group's developed properties, and there is no material outstanding litigation.

INTERIM DIVIDEND

The board of directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2011.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. Based on specific enquiry of the directors of the Company, the directors of the Company have confirmed they have complied with the Model Code.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The interim results for the six months ended 30 June 2011 are unaudited, but have been reviewed 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, by the Company's auditor, whose independent review report will be included in the interim report. The audit committee has also reviewed with the management the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 June 2011.

APPRECIATION

On behalf of the board of directors of the Company, I would like to thank our customers, suppliers, bankers, staffs and our shareholders for their support, efforts and commitments to the Group during the period.

By Order of the Board
Shanghai Zendai Property Limited
Dai Zhikang
Chairman

Hong Kong, 23 August 2011

As at the date of this announcement, the executive Directors are Mr. Dai Zhikang, Mr. Wang Fujie, Mr. Zhu Nansong, Mr. Zuo Xingping, Ms. Zhou Yan, and Mr. Tang Jian. The non-executive Directors are Mr. Wu Yang, Mr. Zhou Chun, Mr. Dong Wenliang and Mr. Liu Zhiwei. The independent non-executive Directors are Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan and Dr. Tse Hiu Tung, Sheldon.

* *for identification purpose only*