



# C C LAND HOLDINGS LIMITED

( Incorporated in Bermuda with limited liability )

## INTERIM REPORT

Stock Code: 1224



# 2014

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## DIRECTORS

### **Executive directors**

Mr. Cheung Chung Kiu (*Chairman*)  
Dr. Lam How Mun Peter  
(*Deputy Chairman & Managing Director*)  
Mr. Tsang Wai Choi (*Deputy Chairman*)  
Mr. Leung Chun Cheong  
Mr. Leung Wai Fai

### **Non-executive director**

Mr. Wong Yat Fai

### **Independent non-executive directors**

Mr. Lam Kin Fung Jeffrey  
Mr. Leung Yu Ming Steven  
Dr. Wong Lung Tak Patrick

## AUDIT COMMITTEE

Mr. Lam Kin Fung Jeffrey (*Chairman*)  
Mr. Leung Yu Ming Steven  
Dr. Wong Lung Tak Patrick

## NOMINATION COMMITTEE

Mr. Cheung Chung Kiu (*Chairman*)  
Dr. Lam How Mun Peter  
Mr. Lam Kin Fung Jeffrey  
Mr. Leung Yu Ming Steven  
Dr. Wong Lung Tak Patrick

## REMUNERATION COMMITTEE

Mr. Leung Yu Ming Steven (*Chairman*)  
Mr. Cheung Chung Kiu  
Dr. Lam How Mun Peter  
Mr. Lam Kin Fung Jeffrey  
Dr. Wong Lung Tak Patrick

## AUTHORISED REPRESENTATIVES

Dr. Lam How Mun Peter  
Mr. Leung Chun Cheong

## COMPANY SECRETARY

Ms. Cheung Fung Yee

## WEBSITE

[www.ccland.com.hk](http://www.ccland.com.hk)

## STOCK CODE

1224

## REGISTERED OFFICE

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Hamilton HM 11  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Wanchai, Hong Kong

## BRANCH OFFICE

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China United Centre  
28 Marble Road  
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## INDEPENDENT AUDITORS

Ernst & Young  
*Certified Public Accountants*

## LEGAL ADVISORS

### **Hong Kong**

Cheung, Tong & Rosa

### **Bermuda**

Conyers Dill & Pearman

## SHARE REGISTRARS AND TRANSFER OFFICES

### **Principal share registrar and transfer office**

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM08, Bermuda

### **Hong Kong branch share registrar and transfer office**

Tricor Secretaries Limited  
Level 22  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
Bank of Chongqing Co., Ltd.  
Bank of Communications Co., Ltd.  
Chong Hing Bank Limited  
Hang Seng Bank Limited  
Industrial and Commercial Bank of China (Asia) Limited  
The Bank of East Asia, Limited  
Wing Lung Bank Limited

# Management Discussion and Analysis

On behalf of the Board of Directors (the “Directors” or the “Board”) of C C Land Holdings Limited (the “Company”), I am pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2014.

## BUSINESS REVIEW

The growth of the global economy appears on track for a modest recovery. China’s economic growth for the first half year of 2014 was 7.4%, slightly lower than the target of 7.5% for the whole year. The slow economy growth together with the tightened liquidity resulted in a drop in property price and transaction volume.

For the first half year of 2014, the Group recorded satisfactory results in terms of revenue and profit as compared with the same period of last year. The Group’s revenue was HK\$4,787.0 million, representing a substantial increase by approximately 261% from that of the same period last year.

Net profit of HK\$916.2 million was recorded during the period, representing an increase of approximately 972% from that of the same period last year. The increase in net profit was attributable to the non-recurring gain from the disposal of Zhaomu Mountain project, Chongqing, which derived a profit before tax of approximately HK\$457.4 million.

The profit attributable to shareholders for the period reached approximately HK\$812.1 million (six months ended 30 June 2013: HK\$115.5 million) representing an increase of 603% as compared to the same period last year. The basic earnings per share for the period were HK\$31.38 cents (six months ended 30 June 2013: HK\$4.46 cents).

## Recognized Revenue

The Group remained focused on the development of real estate properties in six cities in Western China, namely Chongqing, Chengdu, Dazhou, Guiyang, Xi’an and Kunming. During the six months ended 30 June 2014, the property sales revenue was HK\$4,780.3 million (RMB3,786.9 million) (six months ended 30 June 2013: HK\$1,304.3 million (RMB1,042.5 million)) against a total booked gross floor area (“GFA”) sales of 531,900 sqm (six months ended 30 June 2013: 113,100 sqm). The revenue from property sales and booked GFA represented an increase of 267% and 370% respectively from those of the corresponding period of 2013. The substantial increase in sales revenue and booked GFA was mainly attributable to the exceptionally low saleable area delivered in the first half of the previous year. The revenue recognized during the period mainly from 7 projects in Chongqing, 3 projects in Chengdu and 1 project in Guiyang. The average selling price (“ASP”) of recognized sales decreased by 23% to RMB7,120 per sqm due to different product mix, the projects delivered in the first half of last year being from high-end residential projects which carried higher ASPs. The booked gross margin for the period is 33% which is similar to that for the whole year of 2013 (33.7%) although it decreased by 10 percentage points from 43% in the corresponding period in 2013 which saw more high-end residential projects delivered.

The recognized sales revenue by projects for the six months ended 30 June 2014 is as follows:

Projects	Usage	GFA (sqm)	Sales Revenue Net of Business Tax (RMB'000)	ASP Net of Business Tax (RMB)	The Group's Interest
<b>Chongqing</b>					
L'Ambassadeur Phases I, II, III & IV	Residential	64,700	483,500	7,470/sqm	100%
	Commercial	3,900	55,300	14,070/sqm	
	Car Park	4,900	19,100	148,190/unit	
Riverside One, Wanzhou Phase III	Residential	154,200	775,000	5,030/sqm	100%
	Commercial	2,500	28,900	11,340/sqm	
	Car Park	24,400	62,700	83,310/unit	
i-City Phases I, II & III	Residential	4,800	34,500	7,200/sqm	100%
	Commercial	2,500	50,700	20,650/sqm	
	Car Park	600	2,400	125,000/unit	
Zhongyu Plaza	Office	21,400	314,900	14,690/sqm	80%
Phoenix County Phases I & II	Residential	4,500	49,900	10,970/sqm	100%
	Car Park	300	1,100	132,400/unit	
Academic Heights Phase I	Residential	10,300	47,600	4,640/sqm	100%
Verakin New Park City	Residential	34,600	229,300	6,620/sqm	51%
	Commercial	2,200	32,600	14,940/sqm	
Others	Residential/ Commercial/ Car Park	2,500	41,500		

# Management Discussion and Analysis

Projects	Usage	GFA (sqm)	Sales Revenue	ASP Net of	The Group's Interest
			Net of Business Tax (RMB'000)	Business Tax (RMB)	
<b>Chengdu</b>					
Brighton Place & Plaza Phases I & III	Residential	63,000	433,400	6,880/sqm	51%
Villa Royale Phases I & II	Residential	5,000	74,500	15,000/sqm	51%
	Car Park	500	2,000	141,570/unit	
Sky Villa Phase II	Residential	14,800	263,500	17,740/sqm	51%
	Car Park	10,900	37,700	121,710/unit	
Others	Residential	200	1,500	5,800/sqm	
<b>Guiyang</b>					
First City, Guiyang Phase I	Residential	76,200	550,100	7,220/sqm	85%
	Commercial	6,300	111,300	17,500/sqm	
<b>Other districts</b>					
Radiant Bay Phase I	Residential	14,300	67,800	4,750/sqm	100%
Silver Lining	Residential	1,500	11,700	7,680/sqm	70%
	Car Park	900	4,400	145,170/unit	
TOTAL		531,900	3,786,900		

In terms of location, the contributions to recognized revenue and booked area in terms of percentage respectively were as follows:

	Recognized Revenue First Half of		Booked Area First Half of	
	2014	2013	2014	2013
Chongqing	58.9%	64.7%	63.6%	63.4%
Chengdu	21.4%	33.3%	17.8%	33.7%
Guiyang	17.5%	—	15.5%	—
Other districts	2.2%	2.0%	3.1%	2.9%
Total	100.0%	100.0%	100.0%	100.0%

In terms of usage, about 80% (six months ended 30 June 2013: 83%) are for residential and the balance non-residential purposes.

As at 30 June 2014, the unrecognized revenue was approximately RMB12.9 billion, representing area pre-sold of 1.5 million sqm, out of which, about RMB6.5 billion are from projects which are completed or expected to be completed in the second half of 2014. The revenue can be recognized only when the relevant property has been completed, occupation permit issued and the property delivered to the purchaser. This has laid a solid foundation for the second half of 2014.

# Management Discussion and Analysis

Five projects were completed on schedule in the first half of 2014. The total GFA completed by the Group in the period under review amounted to approximately 591,200 sqm (first half of 2013: 161,700 sqm). Details are as follows:

Projects	Usage	GFA (sqm)	Percentage of Area Sold as at 30 June 2014	The Group's Interest
<b>Chongqing</b>				
L'Ambassadeur Phase IV	Residential	71,100	100%	100%
	Commercial	17,200		
	Others	13,500		
Zhongyu Plaza	Office	34,100	90%	80%
Riverside One, Wanzhou Phase III	Residential	182,600	90%	100%
	Commercial	22,500	55%	
	Others	34,200	76%	
Verakin New Park City — Zone O	Residential	21,800	99%	51%
	Commercial	800		
	Others	9,800		
<b>Chengdu</b>				
Brighton Place & Plaza Phases I, II, III & IV	Residential	169,900	99%	51%
	Commercial	10,500	55%	
	Others	3,200		
TOTAL		591,200		

## Contract Sales

Faced with the challenging economic and market environment, coupled with the relatively high volume recorded in the first half of 2013, the Group recorded decreases both in contract volume and floor area sold compared with that of the same period last year. Home buyers began to adopt a wait-and-see attitude following the prolonged period of restrictive measures imposed by the central government, which has thwarted the demand from first-time home buyers and from upgraders. To cope with the difficult market sentiment, the Group has adopted a flexible pricing strategy to generate sales momentum.

During the first half of 2014, the Group started pre-sale for its first project in Xi'an. The Group achieved a total contract sales of RMB2,927.1 million (six month ended 30 June 2013: RMB4,663.2 million) from 18 projects in 6 cities, with area sold totalling 335,800 sqm (six months ended 30 June 2013: 545,500 sqm), representing a decrease of 37% and 38% respectively when compared with those of the corresponding period in 2013. The contract sales target for 2014 was RMB11 billion. During the period under review, the Group had only accomplished 27% of the annual sales target. The Group continues to closely monitor changes of the market conditions and proactively refine its sales strategies accordingly in order to optimize contract sales. The overall ASP increased by 2% to RMB8,700 per sqm in the first half of 2014 from RMB8,500 per sqm for the same period of 2013. The increase was mainly attributed to the change in product mix as compared with the corresponding period last year, with a higher proportion of contract sales being derived from sales of commercial and office units of which carried higher ASPs.

Eighteen projects were launched during the period, out of which, three were new projects, namely Residence Serene in Chongqing, Residence du Lac in Chengdu and Zhongyu Metropolis in Xi'an.

# Management Discussion and Analysis

The breakdown of the contract sales in the first half of 2014 is as follows:

Projects	Usage	Approximate Contract Sales Area (sqm)	Approximate Contract Sales Revenue (RMB'000)	Approximate Contract ASP Before Business Tax (RMB)
<b>Chongqing</b>				
L'Ambassadeur Phases I, II, III & IV	Residential	6,400	62,000	9,700/sqm
	Commercial	300	9,400	32,300/sqm
	Car Park	4,600	18,900	156,100/unit
Verakin New Park City	Residential	23,600	252,900	10,700/sqm
	Commercial	10,300	250,400	24,400/sqm
	Office	44,700	345,000	7,700/sqm
Bishan Verakin New Park City — Zones A, B & C	Residential	26,700	136,100	5,100/sqm
	Commercial	1,700	41,700	25,000/sqm
Riverside One, Wanzhou Phase III	Residential	11,400	59,500	5,200/sqm
	Commercial	1,200	14,800	12,200/sqm
	Car Park	5,200	14,600	89,600/unit
Phoenix County Phases I, II & III	Residential	34,400	292,500	8,500/sqm
	Commercial	500	12,600	24,600/sqm
	Car Park	300	1,100	140,100/unit
Academic Heights Phases I, II & III	Residential	13,700	70,600	5,200/sqm
	Commercial	300	7,500	24,500/sqm
Zhongyu Plaza	Office	2,900	51,200	17,700/sqm
Residence Serene Phase I	Commercial	100	6,400	54,800/sqm
	Office	500	7,200	14,300/sqm
Others	Residential/ Commercial/ Car park	1,700	12,200	
		190,500	1,666,600	
<b>Chengdu</b>				
Sky Villa Phases II & III	Residential	4,500	86,700	19,100/sqm
	Car Park	1,300	5,700	148,900/unit
Sky Villa Condominiums	Residential	5,600	63,000	11,300/sqm
	Commercial	1,100	53,400	47,900/sqm
Brighton Place & Plaza Phases II, IV & V	Residential	300	2,100	8,100/sqm
	Commercial	2,100	83,800	39,600/sqm
	Office	3,900	37,100	9,600/sqm
Villa Royale Phases I, II, III & V	Residential	8,100	115,100	14,200/sqm
	Car Park	1,300	5,400	150,000/unit
Residence du Paradis Phases I & II	Residential	23,700	152,500	6,400/sqm
Residence du Lac Phase I	Residential	20,100	132,900	6,600/sqm
Others	Residential	300	1,600	
		72,300	739,300	
<b>Guiyang</b>				
First City, Guiyang Phases I, II, III & IV	Residential	15,900	102,600	6,500/sqm
	Commercial	11,600	178,000	15,300/sqm
	Office	700	6,300	8,900/sqm
	Car Park	200	2,000	120,300/unit
		28,400	288,900	
<b>Xi'an</b>				
Zhongyu Metropolis Phase I	Residential	20,000	105,200	5,300/sqm
<b>Other Districts</b>				
Silver Lining	Residential	900	7,800	8,300/sqm
	Car Park	100	500	152,300/unit
Radiant Bay Phases I & II	Residential	23,600	118,800	5,000/sqm
		24,600	127,100	
<b>TOTAL</b>		<b>335,800</b>	<b>2,927,100</b>	

# Management Discussion and Analysis

The breakdown of the contract sales for the first half of 2014 from Chongqing, Chengdu, Guiyang, Xi'an and other districts were 57%, 25%, 10%, 4% and 4% respectively. The ASPs breakdown by location is as follows:

ASP (RMB per sqm)	First half of 2014	First half of 2013	Percentage change
Chongqing	8,800	8,500	+4%
Chengdu	10,200	9,800	+4%
Guiyang	10,100	8,300	+22%
Xi'an	5,300	N/A	N/A
Others	5,200	5,100	+2%
Overall for the Group	8,700	8,500	+2%

In terms of usage, about 60% (first half of 2013: 70%) were for residential and 40% (first half of 2013: 30%) for non-residential properties. The ASPs breakdown by usage is as follow:

ASP (RMB)	First half of 2014	First half of 2013	Percentage change
Residential (per sqm)	7,400	7,300	+1%
Commercial (per sqm)	22,200	22,700	-2%
Office (per sqm)	8,500	13,700	-38%
Carparks (per unit)	124,900	121,300	+3%

## Land Bank

The Group continued to follow closely the land market movements in order to capture opportunities for acquisition and replenishment of its land reserve. After taking into account of the economic environment, the liquidity in the property market and uncertainties of possible changes in the policy environment, the Group did not make any new acquisition of land in the first half of the year.

To further consolidate its land bank resources, the Group completed the disposal of its project in Zhaomu Mountain, Chongqing, at a consideration of about RMB1,425.5 million. The disposal enabled the Group to pool more resources to step up the development of its investment property portfolio in the Jiazhou Zone in the Yubei District, Chongqing. The disposal resulted in a pre-tax gain of approximately HK\$457.4 million.

As at 30 June 2014, the Group has land lots in five cities, namely Chongqing, Chengdu, Guiyang, Dazhou and Xi'an. The Group's development strategy is to continue to expand into other key cities in Western China, to benefit from the economic growth in the region while diversifying risks.

As at the report date, the Group's land bank stood at 13.5 million sqm GFA (attributable GFA amounting to about 9.7 million sqm). The average GFA land cost is around RMB1,870 per sqm.

# Management Discussion and Analysis

As at the report date, the Group's land bank has a well-diversified portfolio. The breakdown by usage is as follows:

Usage	Completed Properties held for Investment GFA (sqm)	Properties held for Own Use GFA (sqm)	Completed Properties held for Sale GFA (sqm)	Land held for Development GFA (sqm)		Total GFA (sqm)	Percentage of Total GFA
				Total	Attributable		
Commercial	28,000	11,000	167,000	1,855,000	1,466,000	2,061,000	14.1
Residential	2,000		289,000	5,852,000	3,765,000	6,143,000	42.0
Office			15,000	1,718,000	1,386,000	1,733,000	11.8
Hotel & serviced apartment			9,000	179,000	117,000	188,000	1.3
Townhouse & villa			105,000	457,000	317,000	562,000	3.8
Others (Car-park spaces and other auxiliary facilities)	53,000	11,000	448,000	3,431,000	2,620,000	3,943,000	27.0
<b>TOTAL</b>	<b>83,000</b>	<b>22,000</b>	<b>1,033,000</b>	<b>13,492,000</b>	<b>9,671,000</b>	<b>14,630,000</b>	<b>100.0</b>

In terms of usage, about 48% of the land held for development is for residential, hotel and serviced apartments as well as town-house and villa use and the remaining 52% for office, commercial and other developments. In respect of the total 394,000 sqm completed residential, townhouse and villa properties held for sale, about 54% have been pre-sold and are pending delivery.

The breakdown of the land bank held for development by location is as follows:

Locations	Total GFA (sqm)	Attributable GFA (sqm)	Percentage of Total GFA
Chongqing	7,519,000	5,142,000	55.8
Sichuan			
— Chengdu	1,998,000	1,019,000	14.8
— Dazhou	246,000	246,000	1.8
Guiyang	3,103,000	2,638,000	23.0
Xi'an	626,000	626,000	4.6
<b>TOTAL</b>	<b>13,492,000</b>	<b>9,671,000</b>	<b>100.0</b>

Around 56% of the land bank held for development is located in Chongqing whilst 44% is in Chengdu, Dazhou, Guiyang and Xi'an.

There were 19 projects in different stages of development during the period. The total area under construction as at 30 June 2014 was about 4.9 million sqm which is about 37% of the Group's total land bank.

# Management Discussion and Analysis

As at the report date, details of the Group's land bank held for development are as follows:

Locations/Project Names	Expected Completion Date	GFA (sqm)	The Group's Interest
Chongqing, Yubei District			
— Phoenix County	2014 – 2015	311,000	100%
— Zhongyu Plaza			
— Hotel portion	2015	80,000	80%
— Others	2014 – 2015	307,000	100%
— Residence Serene	2015 – 2016	296,000	100%
— Lot #17-1	2016 or after	211,000	100%
— Lot #9	2016 or after	657,000	100%
— Lot #4	2016 or after	752,000	100%
— Lot #3-1	2016 or after	361,000	100%
— Xinpaifang	2016 or after	26,000	100%
— Others	2016 or after	91,000	100%
Chongqing, Jiangbei District	2015 or after	1,029,000	25%
Chongqing, Nan'an District			
— Verakin New Park City	2014 – 2017	848,000	51%
Chongqing, Wanzhou District			
— Wanzhou Project	2016 or after	412,000	100%
Chongqing, Shapingba District			
— Academic Heights	2014 – 2015	370,000	100%
— Verakin Xiyong Project	2016 or after	675,000	46%
Chongqing, Bishan County, Ludao New District			
— Bishan Verakin New Park City	2014 or after	946,000	26%
Chongqing, Rongchang County			
— Verakin Riviera	2015	146,000	25%
Chengdu, Jinjiang District			
— Sky Villa	2015	215,000	51%
— Sky Villa Condominiums	2015	125,000	51%
Chengdu, Shuangliu County			
— Villa Royale	2015 or after	142,000	51%
Chengdu, Qingyang District			
— Brighton Place & Plaza	2014 – 2015	186,000	51%
Chengdu, Yizhou Avenue			
— Celestial Centre	2016	117,000	51%
Chengdu, Huaifu Avenue			
— Residence du Lac	2015 or after	399,000	51%
Chengdu, LongQuan Yi District			
— Residence du Paradis	2015 or after	815,000	51%
Sichuan, Dazhou, Tongchuan District			
— Radiant Bay	2015 or after	246,000	100%
Guiyang, Guanshanhu District			
— First City, Guiyang	2015 or after	1,164,000	85%
Guiyang, WuDang District			
— Florentia Town	2016 or after	626,000	85%
Guiyang, Hefei Road	2016 or after	1,313,000	85%
Xi'an, Weiyang District			
— Zhongyu Metropol	2016 or after	626,000	100%
<b>TOTAL</b>		<b>13,492,000</b>	

## Investment Property

For the interim period, the Group's rental income increased 16% to HK\$11.1 million (six months ended 30 June 2013: HK\$9.6 million). The increase in rental revenue was mainly due to higher rental rates on renewals or upon rent review. The occupancy rate was at around 74% owing to its portfolio's prime locations. As of 30 June 2014, the Group has approximately 83,107 sqm in GFA of completed investment properties (31 December 2013: 82,923 sqm). Of this portfolio, commercial properties account for 34.3%, residential properties 2.8% and car parks/auxiliary facilities 62.9%.

As of 30 June 2014, the book value of the investment properties of the Group totalled HK\$427.1 million, (31 December 2013: HK\$411.3 million) of which HK\$14 million arose from the increase in fair value. The fair value was assessed by an independent professional valuer based on its current operation mode adopted by the Group in respect of the investment properties and the expected income to be generated. The investment properties accounted for 0.9% of the Group's total assets.

## Investment Property Under Development

The Group has adhered to its long term strategy of building an investment property portfolio funded by sales of residential properties and keeping a balance between property sales and building an investment property portfolio.

Chongqing has been Southwest China's economic hub, having established itself as a manufacturing centre for key industries and is now going to become a financial centre for the upper Yantze River region. With these two arms of economic activity, the city's economy in the first half of 2014 was robust with GDP growth at 10.9% which surpassed the national growth of 7.4%. The economic activities in Chongqing will support commercial property developments in the region.

Because of its superior location, maturity, and other qualities, the Group's property investment in the core land bank in the Yubei district of Chongqing is developing into one of the most important centres in Chongqing. Four commercial land lots are situated in the core land bank, namely, Lot Nos. 3, 4, 9 and 10 which have been earmarked for development as separate but interlinked projects, consisting of hotels, commercial and residential complexes.

The shopping mall named "Zhongyu Plaza" in Lot No. 10 is expected to be completed in 2015. The leasable GFA for the shopping mall is about 80,000 sqm. It is expected that the contribution of rental income from the shopping mall will start from the second half of 2015.

Foundation work has started for Lot No. 4. This important land lot will be developed to be one of the largest and the most high-end shopping and entertainment centres in Western China. In April 2013, the Group procured a high-end operator, Taiwan Shin Kong Mitsukoshi, of a chain of department stores in Taiwan and China to enter into a pre-leasing agreement to lease a GFA of approximately 250,000 sqm of commercial space. The mode of co-operation is purely based on lease arrangements consisting of rental fee levied on two factors, namely, area occupied and monthly turnover revenue. The department store is expected to commence operation in 2016.

The Group intends to keep the trophy commercial properties for rental purposes.

## Treasury Investment

The treasury investment segment recorded a loss of HK\$18.3 million (six months ended 30 June 2013: HK\$17.0 million). The amount of dividends and interest earned from investments was HK\$4.1 million (six months ended 30 June 2013: HK\$12.0 million). The realized and unrealized loss on listed securities amounted to HK\$8.4 million and HK\$13.9 million respectively (six months ended 30 June 2013: realized and unrealized loss on listed securities of HK\$2.5 million and HK\$26.2 million respectively).

## CORPORATE STRATEGY AND OUTLOOK

The economy of both the Euro zone and the US is still in the stage of recovery. In China, it is expected that the tightening measures on the property sector will be relaxed gradually. Demand for housing, especially from first time homebuyers, and upgrading will be boosted in the long run as a consequence of continued economic growth, increase in individual's average income and accelerating urbanization. This will enable the real estate industry to develop further which supports a cautiously optimistic outlook.

In the second half of 2014, the Group will adjust the timing of sales launches in an effort to meet its annual contract sales target. The Group will determine reasonable pricing for its projects based on the market trend, taking into account price cuts by other developers.

Land resources consumed in current development will be replenished to ensure the Group has ample land supply to allow for long term property development of projects and strategic planning. Taking into account the condition of sales and cash inflows and the requirements to maintain a sound financial position, the Group will actively seek development projects in cities where it already has a presence, as well as in other cities with growth potential to strengthen the shareholder's value. The Group believes that the current land bank can satisfy the development need for the coming five to six years.

As at 30 June 2014, the contract sales yet to be delivered amounted to RMB12.9 billion, representing a pre-sold GFA of 1.5 million sqm. Together with the contract sales in July 2014 of RMB347 million, representing 37,200 sqm, the total unrecognized contract sales to be delivered in 2014 and beyond amounted to RMB13.2 billion.

The Group targets to complete 7 projects with a total GFA of 0.9 million sqm in the second half of 2014 in accordance with the completion schedule. Together with the GFA completed in the first half of 2014, the whole year project completion of 2014 will reach 1.5 million sqm, 28% higher than the figure for year 2013.

The target completion areas for the second half of 2014 and year 2015 are 0.9 million sqm and 2.4 million sqm respectively, of which 86% and 46% of the target completion residential areas have been pre-sold as at 31 July 2014.

The completion schedule for the second half of 2014 and 2015 is as follows:

Locations	Projects	Residential Area (sqm)	Commercial/ Car park/ Other Area (sqm)	Total Area (sqm)	The Group's Interests
<b>Second Half of 2014</b>					
Chongqing	Phoenix County Phase III	101,000	22,000	123,000	100%
	Zhongyu Plaza	—	209,000	209,000	100%
	Academic Heights Phase II	116,000	49,000	165,000	100%
	Verakin New Park City — Zone M	192,000	42,000	234,000	51%
	Bishan Verakin New Park City — Zone B	119,000	36,000	155,000	26%
Chengdu	Brighton Place & Plaza Phase II	—	18,000	18,000	51%
	Villa Royale Phase IV	5,000	—	5,000	51%
<b>TOTAL</b>		<b>533,000</b>	<b>376,000</b>	<b>909,000</b>	
<b>Year 2015</b>					
Chongqing	Phoenix County Phases II & III	140,000	48,000	188,000	100%
	Zhongyu Plaza				
	— Hotel portion	—	80,000	80,000	80%
	— Others	—	98,000	98,000	100%
	Academic Heights Phase III	124,000	81,000	205,000	100%
	Residence Serene Phase I	—	116,000	116,000	100%
	Bishan Verakin New Park City — Zone A	54,000	38,000	92,000	26%
Chengdu	Sky Villa Phase III	157,000	58,000	215,000	51%
	Sky Villa Condominiums	80,000	45,000	125,000	51%
	Brighton Place & Plaza Phases I, III, IV & V	—	167,000	167,000	51%
	Residence du Paradis Phase I	162,000	58,000	220,000	51%
	Residence du Lac Phase I	142,000	68,000	210,000	51%
	Villa Royale Phases III & V	70,000	10,000	80,000	51%
Dazhou	Radiant Bay Phases I & II	50,000	—	50,000	100%
Guiyang	First City, Guiyang Phases II to IV	214,000	344,000	558,000	85%
<b>TOTAL</b>		<b>1,193,000</b>	<b>1,211,000</b>	<b>2,404,000</b>	

# Management Discussion and Analysis

As at 30 June 2014, the Group has a total of 19 projects under development. Based on the existing development schedule, the Group expects the total area for construction start-up in second half 2014 to be around 1.4 million sqm. Together with the area under construction as at 30 June 2014, the total area under development at the end of 2014 is expected to be over 6.3 million sqm, i.e. about 47% of the Group's total land bank.

As at 30 June 2014, the outstanding land premium is about RMB940 million. The expected construction cost for the second half of 2014 is about RMB3.4 billion.

The Group will continue to maintain a strong balance sheet in this ever changing market environment. The Group will emphasize on further improving its debt structure and capital structure to safeguard the healthy development of the Group's business at a reasonable gearing ratio.

The Group will continue to adopt a prudent and cautious investment strategy and will from time to time consider any investment and/or cooperation opportunities that may lower the Group's financial commitments and enhance returns from its projects in order to accelerate further growth of the Group as a whole. Negotiations with potential parties for the disposal of and/or seeking partners to jointly invest and/or develop with respect to the Group's projects are frequently ongoing. As announced by the Company on 7 April 2014, Marvel Leader Investments Limited ("Marvel Leader"), a direct wholly-owned subsidiary of the Company, Starthigh International Limited ("Starthigh"), a direct wholly-owned subsidiary of Marvel Leader, and Mr. Tsang Wai Choi ("Mr. Tsang") (among others, a Director and deputy chairman of the Board) entered into an investment agreement, pursuant to which, among other things, Mr. Tsang would invest in Starthigh by acquiring 240 shares and subscribing 1,600 shares in Starthigh. Completion of the transactions is subject to fulfillment (or waiver) of certain conditions precedents which have not all been fulfilled (or waived) as at the date of this report. Upon and subject to completion, Starthigh will be owned as to 60% by Marvel Leader and 40% directly or indirectly by Mr. Tsang, with Starthigh becoming a non-wholly owned subsidiary of the Company.

## FINANCIAL REVIEW

### Investments

To aim at strategic investment with growth potential, and in view of the shrinking interest returns on bank deposits, the Group instead identified certain investment opportunities and invested its unused cash in a portfolio of listed and unlisted equity securities and unlisted investment funds. To maintain a prudent investment portfolio, the value of the portfolio is limited to no more than 10% of the total asset of the Group.

At 30 June 2014, the Group held a portfolio of listed and unlisted equity securities and notes receivable (issued by companies listed on the Stock Exchange) with a carrying value of HK\$1,172.4 million (31 December 2013: HK\$906.7 million) which is about 2.4% of the total assets of the Group. Owing to the fluctuations in the Hong Kong stock market for the period under review, the Group recorded an unrealized fair value loss of HK\$13.9 million on listed investments. The amount of dividends and interest and other income from investments for the period was HK\$4.1 million (six months ended 30 June 2013: HK\$13.3 million).

### Liquidity and Financial Resources

The Group continues to centralize its funding and financial management to maintain a high cash on hand ratio and a reasonable level of gearing. As of 30 June 2014, fixed deposits and bank balances amounted to HK\$8,552.1 million (31 December 2013: HK\$9,636.3 million) which included HK\$1,639.2 million (31 December 2013: HK\$781.2 million) of deposit pledged to banks. Of the cash and bank balances, the carrying amount of restricted cash was approximately HK\$1,715.7 million (31 December 2013: approximately HK\$3,079.1 million). According to the relevant laws and regulations of the PRC, the Group was required to deposit a portion of proceeds from pre-sales of properties into designated bank accounts as guarantees for the development of the relevant properties.

An analysis by currency denomination of the cash and bank balances is as follows:

	30 June 2014		31 December 2013	
	HK\$'M	Percentage	HK\$'M	Percentage
Renminbi	7,491.7	87.6	8,321.6	86.4
Hong Kong Dollars	1,054.1	12.3	1,302.7	13.5
United States Dollars	6.3	0.1	12.0	0.1
<b>Total</b>	<b>8,552.1</b>	<b>100.0</b>	<b>9,636.3</b>	<b>100.0</b>

# Management Discussion and Analysis

As at 30 June 2014, the Group's working capital (current assets less current liabilities) amounted to approximately HK\$10,220.8 million (31 December 2013 HK\$11,107.0 million). The Group's current ratio (current assets over current liabilities) was 1.4 times (31 December 2013: 1.4 times).

The cash collection ratio for the property business was 99% (six months ended 30 June 2013: 77%) during the period under review.

Total borrowings amounted to HK\$10,914.3 million (31 December 2013: HK\$11,094.0 million). The average borrowing interest rate for the period ended 30 June 2014 was 6.45% (six months ended 30 June 2013: 6.48%) per annum. The total finance costs charged to the consolidated statement of profit or loss increased by approximately 225% as compared to the same period last year and amounted to HK\$83.2 million, after capitalization of HK\$293.1 million (six months ended 30 June 2013: HK\$25.6 million) into the cost of properties under development. Secured debts accounted for approximately 69% of total borrowings as at 30 June 2014 (31 December 2013: 66%). As at 30 June 2014, the Group was at a net borrowing position of HK\$2,362.2 million after netting off total bank borrowings against cash and bank balances (31 December 2013: HK\$1,457.7 million). The increase in the net borrowing balance was mainly due to the funding required for the payment of land premium of about RMB400 million and the payment of construction cost of RMB2.7 billion during the period under review.

The net gearing ratio of the Group as at 30 June 2014 was 16.1% (31 December 2013: 10.3%), still at a reasonable and healthy level. The net gearing ratio is calculated by total borrowings less total bank balances and cash divided by owners' equity.

The maturity profile of the bank borrowings, and the cash and bank balances as at 30 June 2014 were as follows:

Currency of Bank Loans	RMB HK\$'M	HK\$ HK\$'M	US\$ HK\$'M	Total HK\$'M	Percentage
Bank borrowings repayable:					
— Within 1 year or on demand	2,363.8	2,102.5	—	4,466.3	40.9
— In the second year	1,950.2	2,458.4	—	4,408.6	40.4
— In the third to fifth years, inclusive	1,610.6	350.0	—	1,960.6	18.0
— Beyond five years	78.8	—	—	78.8	0.7
Total bank borrowings	6,003.4	4,910.9	—	10,914.3	100.0
Less: Cash and bank balances and time deposits	(7,491.7)	(1,054.1)	(6.3)	(8,552.1)	
Net borrowing position	(1,488.3)	3,856.8	(6.3)	2,362.2	

The Group had a total undrawn bank loan facilities of about HK\$1,149 million, most of which are arranged on a medium to long term basis, which helps minimize refinancing risk. With sufficient amount of undrawn facilities in place, continual cash inflow from property sales, the Group has adequate financial resources to safeguard the healthy development of its business.

The Group's owners' equity was HK\$14.7 billion (31 December 2013: HK\$14.2 billion) and the net assets value per share was HK\$5.67 (31 December 2013 HK\$5.48).

## Contingent Liabilities/Financial Guarantees

At 30 June 2014, the Group had the following contingent liabilities/financial guarantees:

- a. Guarantees given to banks in connection with facilities granted to an associate in the amount of HK\$526.1 million (31 December 2013: HK\$526.1 million).
- b. Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's property units in the amount of HK\$5,505.2 million (31 December 2013: HK\$7,492.6 million).

## Pledge of Assets

At 30 June 2014, the Group has pledged the following assets:

- |    |  |                     |
|----|--|---------------------|
| a. | Leasehold properties as security for general banking facilities granted to the Group.  | HK\$86.1 million    |
| b. | Fixed deposits as security for general banking facilities granted to the Group.  | HK\$1,639.2 million |
| c. | Properties under development, completed properties held for sales and investment properties pledged to secure banking facilities granted to the Group. | RMB9,456.7 million  |

## Exchange Risks

The Group's foreign exchange exposure is considered minimal given sales transactions and all major cost items are denominated in RMB. Therefore, the directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

## EMPLOYEES

As at 30 June 2014, the Group employed approximately a total of 2,015 employees in China and Hong Kong and incurred wages and salaries in the amount of approximately HK\$153 million for the period under review. The Group remunerates its staff based on their merit, qualification, competence and the prevailing market wage level. In order to attract, retain and motivate its employees, the Group has also established an incentive bonus scheme to reward employees based on their performance. Employees are also eligible to be granted share options under the Company's share option scheme at the discretion of the Board. For the six months ended 30 June 2014 and 30 June 2013, no equity-settled share option expense was charged off to the consolidated statement of profit or loss. Other benefits include contributions to a mandatory provident fund and medical insurance.

## INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

## CHONGQING PROJECTS

**Zhongyu Plaza (中渝廣場)** — a project located at the core region of Yubei District, at the junction of Hongjin Road and Xingai Road which is one of the four land lots to make up “Chongqing Midtown”, a mega residential and commercial project of the Group. Phases II and III, named “Zhongyu Plaza” with a total GFA of 421,000 sqm, comprise of a Grade-A shopping mall, a hotel, Grade-A and Grade-B office blocks. The Grade-B office block with a total GFA of 34,000 sqm was completed and started delivery in the first half of 2014. The other two office blocks with a total GFA of 106,000 sqm are currently under construction and about 22% of office space with a GFA of 24,000 sqm had been pre-sold at an ASP of RMB17,600 per sqm as at 30 June 2014. These office towers are expected to be completed in the second half of 2014.

**Phoenix County (梧桐郡)** — a high-end residential project including low-rise condominiums, low-rise apartments and high-rise blocks near the new Yubei train terminal with a total GFA of 405,000 sqm. Phase I and Phase II (1st batch) of low-rise apartments development had been completed in previous years. Construction works of Phase II (2nd batch) and Phase III with a total GFA of 77,000 sqm and 234,000 sqm respectively were underway as at 30 June 2014. Phase III is a high-rise apartments development. As at 30 June 2014, a GFA of 156,000 sqm residential area of Phase III were launched for pre-sales with 81% of launched residential units pre-sold at an ASP of RMB7,600 per sqm. Phase III (1st batch) with a GFA of 123,000 sqm is scheduled to be completed in 2014. The 2nd batch of Phase II and Phase III are expected to be completed in 2015.

**Academic Heights (春華秋實)** — a three-phased high-rise residential, apartment and villa project situated in the Xiyong University City with a total GFA of 501,000 sqm. Xiyong University City is one of the two newly planned deputy city centres of Chongqing. It can be reached from the city centre via the Inner Ring Express and Yu-Sui Express. Phase I, a high-rise residential towers and villas development, was completed in 2013. Construction works of Phases II and III, with a total GFA of 165,000 sqm and 205,000 sqm respectively, were underway as at 30 June 2014. For Phase II pre-sale, over 89% of the high-rise residential area of 81,700 sqm had been pre-sold at an ASP of RMB5,000 per sqm. Phase II is scheduled for completion in the second half of 2014. As at 30 June 2014, about 49,000 sqm Phase III high-rise residential area was launched for pre-sales and 51% of the launched area was pre-sold at an ASP of RMB5,200 per sqm. Phase III is expected to be completed in 2015.

**Residence Serene (香奈公館)** — a project situated at the Group's core land bank in the district of Xinpaifang, Yubei. The project is a high-end two-phased residential high-rise apartment and office project with a total planned GFA of 296,000 sqm. It is divided into the south and north zones for development. The south zone is a commercial and business area with a GFA of 116,000 sqm, comprises of 5 blocks of office buildings and shops, whereas the north zone is a residential area consisting of 5 blocks of super high-rise residential towers with a GFA of 180,000 sqm. The south zone was under construction as at 30 June 2014. Office units with a GFA of 10,000 sqm and retail units with a GFA of 3,500 sqm were launched for pre-sales during the period. As at 30 June 2014, around 1,300 sqm of office area and 1,600 sqm of retail area had been pre-sold at an ASP of RMB14,200 per sqm and RMB38,000 per sqm respectively. The south zone is scheduled for completion in 2015. The north zone commenced construction works in the first half of 2014.

**Lot No. 4 (4號地塊)** — a project located in the heart of the financial and business centre of Liangjiang New District, one of the plots of “Chongqing Midtown” developed by the Group with a total planned GFA of 752,000 sqm. Project “Chongqing Midtown” is a centrally located, eco-friendly and environmentally friendly mega urban complex modelled according to the latest concept of an international metropolitan city centre. The mega-department store, named “Shin Kong Place” to be operated by Shin Kong Mitsukoshi, multiple entertainment complexes, together with numerous renowned international retail brands, and excellent transport facilities, will make this district one of the most attractive and favoured central landmarks in Chongqing. “Shin Kong Place”, with a GFA of around 250,000 sqm, is expected to commence operation in late 2016 and become one of the largest and the most up-scale shopping and entertainment centres in western China and the upper Yangtze River region. Construction works commenced in the first half of 2014.

**Verakin New Park City (同景國際城)** — a high-end multi-phased residential and commercial project with a total GFA of more than 2 million sqm, which is located at the heart of New District of Chayuan, close to the district's central axis, Tongjiang Avenue, adjacent to the new People's Government of Nan'an District, and next to the light rail line no. 6. After deliveries of the earlier phases up to the date of this report, the remaining GFA is about 848,000 sqm for development.

Zone O with a total GFA of 32,000 sqm was completed in the first half of 2014.

Zone M is a mixed villa and high-rise apartment development project with a total GFA of 234,000 sqm. Construction works are currently in progress. Over 73% of villas with a GFA of 45,000 sqm, and all high-rise apartment units with a GFA of 127,000 sqm had been pre-sold at an ASP of RMB11,900 per sqm and RMB5,800 per sqm respectively as at 30 June 2014. Zone M is expected to be completed in the second half of 2014.

## Projects Profile and Update

Zones S and U are high-end office and retail developments with a total GFA of 97,000 sqm and 103,000 sqm respectively. Both Zones S and U are under construction during the period. As at 30 June 2014, over 87% of Zone S office units had been pre-sold with a GFA of 42,000 sqm at an ASP of RMB7,600 per sqm. About 22,000 sqm Zone U office GFA had been pre-sold at an ASP of RMB7,600 per sqm. Both Zones S and U are planned for completion in 2016.

**Bishan Verakin New Park City (璧山 • 同景國際城)** — a project located in the Ludao New District, the hub of Bishan County, Chongqing, is the core area for future development of Bishan County which may be upgraded as the tenth district of the main city of Chongqing. With a total GFA of 946,000 sqm, the project is developed on seven plots in two phases, covering high-end residential properties, boutique apartments, LOFT commercial properties and theme commercial streets.

Construction works of Zone B with a total GFA of 155,000 sqm and Zone A with a total GFA of 92,000 sqm were underway during the period. As at 30 June 2014, over 90% of residential area of Zone B with a GFA of 108,000 sqm had been pre-sold at an ASP of RMB5,000 per sqm. Zone B is expected to be completed and delivered in the second half of 2014. About 88% of residential area of Zone A with a GFA of 48,000 sqm was pre-sold during the period at an ASP of RMB5,200 per sqm. Zone A is planned for completion in 2015. For Zone C with a total GFA of 124,000 sqm, the first batch of GFA 95,000 sqm was under construction in the first half of 2014, and 14,000 sqm residential area was launched with half of them pre-sold as at 30 June 2014.

**Verakin Xiyong Project (同景優活城)** — a project located at Xiyong, a leading industrial town west of Chongqing city, and adjacent to the eastern side of the university town with a total GFA of 675,000 sqm. It is a key area in the government's future development plan to shape it into one of the six city sub-centres; one of the five new business districts and one of the ten major development zones of the main city of Chongqing. The project will be developed in six phases. Phase I with a planned GFA of 208,000 sqm commenced foundation works in the first half of 2014. Construction works will commence in the second half of 2014.

**The Coronation (御龍 • 天峰)** — a 25% equity interest joint venture project having a total GFA of 1,029,000 sqm located along the north bank of the inner city section of the Jialing River, Jiangbei District, Chongqing. This project is one of the largest riverside developments in Chongqing, having a river frontage of about 750 metres. A residential cum commercial complex will be built to provide high-end residential premises, Grade-A office towers, service apartments, and a mega business and retail property. The first phase with a total GFA of 261,000 sqm was under construction during the period, of which 74,000 sqm of high-rise residential area was launched for pre-sales in the first half of 2014. About 49% of the launched residential area had been pre-sold as at 30 June 2014 at an ASP of RMB8,900 per sqm. The first batch of Phase I with a GFA of 47,000 sqm will be completed in 2015.

### CHENGDU PROJECTS

**Sky Villa (四海逸家)** — a high-end residential project, which is located in the Jinjiang District, Chengdu, in the neighbourhood of the new government office buildings to the east with a total GFA of 450,000 sqm. The project combines the concepts of high-rises and villas. Phases I and II were completed and delivered in previous years. The construction works of Phase III with a total GFA of 215,000 sqm from 6 towers are currently in progress. Four towers with a total GFA of 105,000 sqm were launched for pre-sales, and 46% of the launched residential units with 48,000 sqm area had been pre-sold at an ASP of RMB16,300 per sqm as at 30 June 2014. Phase III is expected to be completed in 2015.

**Sky Villa Condominiums (錦江逸家)** — a project located in Jinjiang District, Chengdu with a total GFA of 125,000 sqm. It consists of 6 high-rise residential towers and an independent commercial street "Jinjianghui". The project is positioned as an up-scale boutique residential community targeting new buyers from the urban elites who demand a quality living environment. Construction works were in progress during the period. Over 99% of residential units with a GFA of 78,000 sqm had been pre-sold as at 30 June 2014 at an ASP of RMB10,400 per sqm. The project is expected to be completed in 2015.

**Brighton Place & Plaza (光華逸家)** — a high-end residential and commercial project located in Guanghua New City, the hub of the western new city under town planning to establish four new major districts in Qingyang District, Chengdu. MTR line No.4 to be operational in early 2015 will also service this district. The whole project is positioned as a high-end cosmopolitan city complex, adopting the planning principle of having separate commercial and residential areas, with a total GFA of 369,000 sqm. The project is composed of five phases of development. The first 4 phases are high-rise residential developments with a total GFA of 238,000 sqm. Residential and commercial areas of 183,000 sqm had been completed in the first half of 2014. Phase I and III started delivery during the period whereas Phase II and IV will be delivered in the second half of 2014. Over 98% of Phases I to IV residential units with a GFA of 167,000 sqm had been pre-sold as at 30 June 2014 at an ASP of RMB7,800 per sqm. Phase V, an office and commercial development with a GFA of 131,000 sqm, was under construction during the period. Office units with a total GFA of 22,000 sqm were launched for pre-sales with 91% of the launched office units pre-sold at an ASP of RMB9,000 per sqm. Phase V is expected to be completed in 2015.

**Villa Royale (城南逸家)** — a luxury villa and townhouse project with a total GFA of 271,000 sqm, located in Section 2 of Chuandadao, Xinchengnan Region, Chengdu, with the government's new administration centre to the east, the international airport and airport economic development zone to the west, and the famous one hundred-year-old Sichuan University campus across the main road from its northern end, and within 10 minutes' drive to Chengdu city centre. Phases I and II of the project were completed and delivered. Construction works of Phases III, IV and V with a total GFA of 85,000 sqm are currently in progress, and pre-sales had been launched during the period. Villa units with a GFA of 5,000 sqm were pre-sold at an ASP of RMB15,700 per sqm as at 30 June 2014. Phases IV is scheduled for completion in 2014 and Phases III and V are in 2015.

**Residence du Paradis (天府逸家)** — a project located in Damian Town, Long Quan Yi District, Chengdu which has an excellent transportation network, with a planned total GFA of 815,000 sqm. The project consists of 22 blocks of super high-rise residential buildings and will be developed in three phases. Phase I with a total GFA of 239,000 sqm and Phase II with a total GFA of 371,000 sqm were under construction during the period. Over 78% of the Phase I residential units with a GFA of 127,000 sqm was pre-sold at an ASP of RMB6,500 per sqm as at 30 June 2014. Phase I is planned for completion in 2015. Phase II residential area with a GFA of 32,000 sqm was first launched for pre-sales in June 2014.

**Residence du Lac (南湖逸家)** — a project situated in the International City Nan Huafu area, in the neighbourhood of the Nanhu Scenic Area (南湖風景區) and the planned MTR line No.5. The project is made up of 19 high-rise residential buildings within a commercial street district "Nanhuhui" of 30,000 sqm, and is divided into a northern cluster and a southern cluster. The project will be developed in two phases with a total planned GFA of 399,000 sqm. Phase I with a GFA of 210,000 sqm was under construction, of which 96,000 sqm of residential area was launched for pre-sales as at 30 June 2014. About 67% of the launched residential area was pre-sold at an ASP of RMB6,500 per sqm. Phase I is scheduled for completion in 2015. Construction works of Phase II with a total GFA of 189,000 sqm is expected to commence in the second half of 2014.

## GUIYANG PROJECTS

**First City, Guiyang (中渝 • 第一城)** — a pilot project situated at the Guanshanhu District in Guiyang City, which is a new urban district located 12 kilometres northwest of the city centre of Guiyang. The project comprises of independent commercial streets, high-end business office buildings, high-end residences, retail outlets, restaurants and bars, boutique hotels, and three major theme parks, with a total planned GFA of 1,347,000 sqm, Phase I with a total GFA of 183,000 sqm comprising of townhouses and low-rise residential units had been completed in 2013. Phase II is an office development with a GFA of 497,000 sqm. As at 30 June 2014, about 42% of the launched office units with a GFA of 50,000 sqm were pre-sold at an ASP of RMB9,500 per sqm. Phase III is developed as high-rise residential towers with a GFA of 265,000 sqm. As at 30 June 2014, about 117,000 sqm of residential area was launched for pre-sales and 45% was pre-sold at an ASP of RMB5,400 per sqm. Phase IV has a total GFA of 192,000 sqm comprising of high-rise and low-rise apartment units. Part of low-rise apartment units with a GFA of 37,000 sqm were first launched for pre-sales and 31% of the launched area were pre-sold at an ASP of RMB7,400 per sqm as at 30 June 2014. The first batch of Phases II to IV are expected to be completed in 2015.

**Florentia Town (中渝 • 萬錦城)** — a residential project located in Wudang District of Guiyang City with a total planned GFA of 626,000 sqm. The project will be developed in three phases. Foundation works of Phase I with a total GFA of 185,000 sqm started in the first half of 2014. Construction works of Phase I are expected to commence in the second half of 2014.

## XI'AN PROJECT

**Zhongyu Metropol (中渝 • 國際城)** — a residential and commercial project located northwest of the Xi'an North Railway Station in Weiyang District. It is 15 km away from the Bell Tower District in the heart of Xi'an city, and 15 km from the Xianyang Airport, and is situated on top of a metro station with two metro lines. The project which has a total planned GFA of 626,000 sqm, consisting of 22 blocks, 32 to 33-storeyed high, will be developed in three phases. Construction works of Phases I and II with a total GFA of 86,000 sqm and 100,000 sqm were underway during the period. Forty nine thousand sqm of residential area was launched for pre-sales in the first half of 2014. Around 41% of the launched residential units were pre-sold at an ASP of RMB5,300 per sqm as at 30 June 2014. Both Phases I and II are expected to be completed in 2016.

## PROJECT IN OTHER DISTRICT

**Radiant Bay (雍河灣), Dazhou, Sichuan** — a residential project with a total GFA of 411,000 sqm, located at the Chaoyang Road Central in the Tongchuan District in Dazhou City in Sichuan, outside the entrance of the newly formed western district, with the old district in the east and rivers in the south, and has a convenient transportation network. The first batch of Phase I with a GFA of 165,000 sqm was completed in 2013. Construction works of the second batch of Phase I with a GFA of 10,000 sqm and part of Phase II with a GFA of 88,000 sqm were underway as at 30 June 2014. Residential area of Phase II with 30,000 sqm was pre-sold at an ASP of RMB5,100 per sqm. The second batch of Phase I and the first batch of Phase II with a GFA of 50,000 sqm is expected to be completed in 2015.

# Disclosure of Interests

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 June 2014, details of the interests and short positions of each of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

### Interests in shares of the Company (long positions)

Name of directors	Interests in shares		Interests in underlying shares pursuant to share options granted by the Company <sup>3</sup>	Aggregate interests	Approximate percentage <sup>4</sup>
	Personal interests	Corporate interests			
Cheung Chung Kiu	—	1,331,205,790 <sup>1&amp;2</sup>	—	1,331,205,790	51.43
Lam How Mun Peter	324,502	—	43,039,000	43,363,502	1.68
Tsang Wai Choi	3,394,242	—	—	3,394,242	0.13
Leung Chun Cheong	666,948	—	1,500,000	2,166,948	0.08
Leung Wai Fai	—	—	3,000,000	3,000,000	0.12

Notes:

- 1,070,810,231 of such shares were held through Thrivetrade Limited ("Thrivetrade"), a company wholly-owned by Mr. Cheung Chung Kiu ("Mr. Cheung"). Accordingly, Mr. Cheung was deemed to be interested in the same number of shares held through Thrivetrade.
- 260,395,559 of such shares were held through Regulator Holdings Limited ("Regulator"), a direct wholly-owned subsidiary of Yugang International (B.V.I.) Limited ("Yugang-BVI"), which is in turn a direct wholly-owned subsidiary of Yugang International Limited ("Yugang"). Yugang was owned by Chongqing Industrial Limited ("CIL"), Timmex Investment Limited ("Timmex") and Mr. Cheung as to approximately 44.06% in aggregate. CIL was owned as to 35%, 30%, 5% and 30% by Mr. Cheung, Peking Palace Limited ("Peking Palace"), Miraculous Services Limited ("Miraculous Services") and Prize Winner Limited ("Prize Winner") respectively. Mr. Cheung had 100% beneficial interest in Timmex. Prize Winner was beneficially owned by Mr. Cheung and his associates. Peking Palace and Miraculous Services were held by Palin Holdings Limited ("Palin") as the trustee for Palin Discretionary Trust, a family discretionary trust, the objects of which included Mr. Cheung and his family. Accordingly, Mr. Cheung was also deemed to be interested in the same number of shares held through Regulator.
- Details of the directors' interests in the underlying shares of the Company pursuant to share options granted by the Company are set out in the section headed "Share Options" below.
- Approximate percentage refers to the aggregate interests of a director expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at 30 June 2014.

### Interests in shares of the Company's associated corporation (long positions)

Name of director	Name of associated corporation	Capacity	Number of shares	Approximate percentage
Tsang Wai Choi	Starhigh International Limited	Beneficial owner	1,840 <sup>1</sup>	61.33 <sup>2</sup>

Notes:

- Mr. Tsang Wai Choi ("Mr. Tsang") has entered into the Investment Agreement (as described and defined in the Company's announcement dated 7 April 2014), pursuant to which he has agreed conditionally to purchase, or procure the purchase of, 240 ordinary shares of the issued share capital of Starhigh International Limited (currently an indirect wholly-owned subsidiary of the Company, "Starhigh") and subscribe, or procure the subscription of, 1,600 ordinary shares in Starhigh. By virtue of the SFO, Mr. Tsang was deemed to be interested in 1,840 ordinary shares in Starhigh.
- Approximate percentage refers to the aggregate interests of a director expressed as a percentage (rounded to two decimal places) of the issued share capital of Starhigh as at 30 June 2014.

Save as disclosed above, as at 30 June 2014, the Company had not been notified of any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SHARE OPTIONS

The Company adopted a share option scheme (the “Scheme”) on 29 April 2005, details of which were disclosed in the Company’s circular dated 13 April 2005. Details of the share options granted under the Scheme and their movements during the period from 1 January 2014 to 30 June 2014 were as follows:

Name or category of participants	Number of share options						At 30 June 2014	Date of grant <sup>1</sup>	Exercise period	Exercise price <sup>2</sup> HK\$ per share	Closing price immediately before date of grant HK\$ per share
	At 1 January 2014	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period						
<b>Directors</b>											
Lam How Mun Peter	17,500,000	—	—	—	—	17,500,000	07-05-2009	07-05-2009 to 06-05-2019	3.27	3.47	
	21,539,000	—	—	—	—	21,539,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19	
	4,000,000	—	—	—	—	4,000,000	03-09-2010	01-01-2011 to 02-09-2020	3.31	3.19	
	43,039,000	—	—	—	—	43,039,000					
Leung Chun Cheong	1,500,000	—	—	—	—	1,500,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19	
Leung Wai Fai	3,000,000	—	—	—	—	3,000,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19	
	47,539,000	—	—	—	—	47,539,000					
<b>Employees</b>											
In aggregate	10,100,000	—	—	—	—	10,100,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19	
	800,000	—	—	—	—	800,000	03-09-2010	01-01-2011 to 02-09-2020	3.31	3.19	
	10,900,000	—	—	—	—	10,900,000					
<b>Others</b>											
In aggregate	7,475,000	—	—	—	—	7,475,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19	
<b>Total</b>	<b>65,914,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>65,914,000</b>					

Notes:

- Certain share options granted are subject to a vesting period beginning from the date of grant until the commencement of the exercise period.
- The exercise price of the share options is subject to adjustment in case of any rights issues or bonus issues, or any other changes in the Company’s share capital.

## DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 30 June 2014, details of the interests and short positions of every person, other than directors or the chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholders	Capacity in which interests are held	Number of shares held	Approximate percentage <sup>3</sup>
Thrivetrade	Beneficial owner	1,070,810,231 <sup>1</sup>	41.37
Regulator	Beneficial owner	260,395,559 <sup>2</sup>	10.06
Yugang-BVI	Interest of controlled corporation	260,395,559 <sup>2</sup>	10.06
Yugang	Interest of controlled corporation	260,395,559 <sup>2</sup>	10.06
CIL	Interest of controlled corporation	260,395,559 <sup>2</sup>	10.06
Palin	Interest of controlled corporation	260,395,559 <sup>2</sup>	10.06

Notes:

- These shares were included in the interests of Mr. Cheung in the shares of the Company as disclosed under the paragraph “Interests in shares of the Company (long positions)” of the section headed “Directors’ and Chief Executive’s Interests and Short Positions” above.
- The interests held by Regulator, Yugang-BVI, Yugang, CIL and Palin respectively as shown above refer to interests in the same block of shares. The said shares were also included in the interests of Mr. Cheung in the shares of the Company as disclosed under the paragraph “Interests in shares of the Company (long positions)” of the section headed “Directors’ and Chief Executive’s Interests and Short Positions” above.
- Approximate percentage refers to the number of shares which a shareholder held or had short positions in expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at 30 June 2014.
- All of the interests disclosed above represent long positions.

Save as disclosed above, as at 30 June 2014, the Company had not been notified of any interests or short positions of any other person, other than directors or the chief executive of the Company, in the shares or underlying shares of the Company required to be recorded in the register kept by the Company under Section 336 of the SFO.

## CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the six months ended 30 June 2014.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors. Specific enquiries have been made of all directors who have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2014.

## UPDATE ON DIRECTOR'S INFORMATION

Mr. LAM Kin Fung Jeffrey ceased to be an Independent Non-executive Director of Hsin Chong Construction Group Ltd. from 10 May 2014.

## 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 2014.

## DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

1. On 24 August 2010, a joint venture company held as to 25% by the Company entered into a facility agreement (the "JV Facility Agreement") as borrower with, among others, various financial institutions as lenders for a 3-year term loan facility in an aggregate principal amount of HK\$1,000,000,000. On 22 December 2010, a supplement to the JV Facility Agreement was executed whereby the facility was enlarged to HK\$1,400,000,000 by an additional term loan facility in the aggregate principal amount of HK\$400,000,000 for a term of 36 months from the date of the JV Facility Agreement. On 31 October 2012, a second supplement to the JV Facility Agreement was executed whereby the enlarged facility was further enlarged to HK\$1,830,000,000 by an additional term loan facility in the aggregate principal amount of up to HK\$430,000,000 with a final maturity date falling 36 months from the date of the JV Facility Agreement. On 23 August 2013, a third supplement to the JV Facility Agreement was executed whereby the final maturity date under the JV Facility Agreement was extended to 24 August 2016. On 17 December 2013, a fourth supplement to the JV Facility Agreement was executed whereby the facility was further enlarged by an amount of HK\$300,000,000 to an aggregate amount up to HK\$2,130,000,000 with the same final maturity date on 24 August 2016. Under the JV Facility Agreement, it is (among other matters) an event of default if Mr. Cheung Chung Kiu ("Mr. Cheung") ceases to (i) save for certain exceptions, own beneficially (directly or indirectly, through any other entity or entities wholly and beneficially owned by him or by virtue of his entitlement as beneficiary under any family trust arrangement(s)) at least 35% of the issued share capital of the Company; or (ii) exercise management control over the Company. On and at any time after the occurrence of an event of default which is continuing, commitments of the lenders under the JV Facility Agreement may immediately be cancelled, and/or all or any part of the loans together with accrued interest and all other amounts accrued or outstanding under certain finance documents defined in the JV Facility Agreement may become immediately due and payable or payable on demand, and/or certain security documents defined in the JV Facility Agreement or any of them may become immediately enforceable.
2. On 28 December 2011, the Company was granted a 3-year term loan facility for an aggregate amount of HK\$600,000,000 under a facility agreement, pursuant to which it is (among other matters) an event of default if Mr. Cheung (i) save for certain exceptions, does not or ceases to hold (directly or indirectly) 35% or more of the beneficial shareholding interest, carrying 35% or more of the voting rights, in the issued share capital of the Company; (ii) directly or indirectly, is not or ceases to be the single largest shareholder of the Company; or (iii) does not or ceases to have management control of the Company. Upon occurrence of an event of default, commitments of the lenders or any part thereof under the facility agreement may be cancelled, and/or all or any part of the loan together with accrued interest and all other amounts accrued or outstanding under the facility may become immediately due and payable, and/or all or any part of the loan under the facility may become payable on demand.
3. On 14 December 2012, the Company accepted the offer in a facility letter dated 7 December 2012, pursuant to which a 3-year term loan facility for an amount of HK\$400,000,000 is made available for drawdown within 6 months from the date of the facility letter. Under the facility letter, it is (among other matters) an event of default if Mr. Cheung (i) save for certain exceptions, does not or ceases to hold (directly or indirectly) 35% or more of the beneficial shareholding interest, carrying 35% or more of the voting rights, in the issued share capital of the Company; (ii) directly or indirectly, is not or ceases to be the single largest shareholder of the

Company; or (iii) does not or ceases to have management control of the Company. Upon occurrence of an event of default, the facility or any part thereof may be cancelled, and/or all or any part of the loan together with accrued interest and all other amounts accrued or outstanding under the facility may become immediately due and payable, and/or all or any part of the loan under the facility may become payable on demand. During the period under review, the outstanding loan amount under the facility letter was repaid in full.

4. On 25 January 2013, the Company was granted a 3-year term loan facility for an aggregate amount of HK\$3,400,000,000 under a facility agreement, pursuant to which it is (among other matters) an event of default if Mr. Cheung (i) save for certain exceptions, does not or ceases to hold (directly or indirectly) 35% or more of the beneficial shareholding interest, carrying 35% or more of the voting rights, in the issued share capital of the Company; (ii) directly or indirectly, is not or ceases to be the single largest shareholder of the Company; or (iii) does not or ceases to have management control of the Company. Upon occurrence of an event of default, commitments of the lenders or any part thereof under the facility agreement may be cancelled, and/or all or any part of the loan together with accrued interest and all other amounts accrued or outstanding under the facility may become immediately due and payable, and/or all or any part of the loan under the facility may become payable on demand.
5. On 27 June 2013, the Company accepted the offer in a facility letter dated 25 June 2013, pursuant to which a 3-year term loan facility for an amount of HK\$500,000,000 or its equivalent is made available for drawdown by the Company. Under the facility letter, it is (among other matters) an event of default if Mr. Cheung save for certain exceptions, does not or ceases to hold (directly or indirectly) 35% or more of the beneficial shareholding interest, carrying 35% or more of the voting rights, in the issued share capital of the Company. Upon occurrence of an event of default during the committed period from the date of acceptance of the facility letter to the date falling 2 years after the date of such acceptance (whether or not it is continuing), the lender may at any time by notice to the Company declare that the lender's obligation to make the facility available be terminated, whereupon the amount available under the facility shall be reduced to zero forthwith; and/or that if any advance is outstanding, each advance and all interest accrued and all other sums payable under the facility letter be immediately due and payable whereupon the same shall become so due and payable. On or at any time after the making of the aforesaid declaration, the lender shall be entitled, to the exclusion of the Company, to select the duration of interest period(s) until the facility is repaid in full.
6. On 13 August 2013, the Company accepted the offer in a facility letter dated 23 July 2013, pursuant to which a 3-year term loan facility for an amount of HK\$500,000,000 or its equivalent in USD is made available for drawdown within 6 months from the acceptance date of the facility letter. Under the facility letter, it is (among other matters) an event of default if Mr. Cheung (i) save for certain exceptions, does not or ceases to hold (directly or indirectly) 35% or more of the beneficial shareholding interest, carrying 35% or more of the voting rights, in the issued capital of the Company; (ii) directly or indirectly, is not or ceases to be the single largest shareholder of the Company; and (iii) does not or ceases to have management control of the Company. After the occurrence of an event of default which is continuing, the lender may on and at any time by notice in writing to the Company declare that the facility has become immediately due and payable, whereupon the facility shall become immediately due and payable and any undrawn balance of the facility shall automatically be cancelled and no longer be available to the Company.

## REVIEW OF INTERIM RESULTS

The Audit Committee has discussed with the management and independent auditors the accounting policies and practices adopted by the Group, and has reviewed the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2014.

## APPRECIATION

On behalf of the Board, I would like to express our sincere appreciation to the Group's management and staff for their hard work, loyalty and dedication. We are also grateful to our shareholders, strategic partners and bankers for their support and confidence which have contributed towards the Group's success.

By order of the Board  
**Lam How Mun Peter**  
*Deputy Chairman & Managing Director*

Hong Kong, 26 August 2014

# Consolidated Statement of Profit or Loss

For the six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000 (Restated)
<b>REVENUE</b>	3, 4	<b>4,787,032</b>	1,324,721
Cost of sales		<b>(3,221,661)</b>	(750,837)
Gross profit		<b>1,565,371</b>	573,884
Other income and gains	4	<b>581,971</b>	270,808
Selling and distribution expenses		<b>(176,160)</b>	(190,973)
Administrative expenses		<b>(174,406)</b>	(177,518)
Other expenses		<b>(38,192)</b>	(26,242)
Finance costs		<b>(83,189)</b>	(25,644)
Share of profits and losses of joint ventures		<b>(5,573)</b>	(7,866)
Share of profits and losses of associates		<b>(4,745)</b>	(5,993)
<b>PROFIT BEFORE TAX</b>	5	<b>1,665,077</b>	410,456
Income tax expense	6	<b>(748,849)</b>	(324,912)
<b>PROFIT FOR THE PERIOD</b>		<b>916,228</b>	85,544
Attributable to:			
Owners of the parent		<b>812,070</b>	115,506
Non-controlling interests		<b>104,158</b>	(29,962)
		<b>916,228</b>	85,544
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	9		
Basic and diluted		<b>HK31.38 cents</b>	HK4.46 cents

Details of dividends are disclosed in note 8 to the condensed consolidated financial statements.

# Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014

	<b>Six months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Restated)</b>
<b>PROFIT FOR THE PERIOD</b>	<b>916,228</b>	85,544
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Available-for-sale investments:		
Changes in fair value	27,729	(37,618)
Deferred tax	497	8,467
	<b>28,226</b>	(29,151)
Share of other comprehensive income of joint ventures	166	626
Share of other comprehensive income of associates	(16,546)	27,390
Exchange fluctuation reserve:		
Release upon disposal of subsidiaries	(81,132)	(12,562)
Exchange differences on translation of foreign operations	(145,671)	275,427
	<b>(226,803)</b>	262,865
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<b>(214,957)</b>	261,730
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>(214,957)</b>	261,730
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>701,271</b>	347,274
Attributable to:		
Owners of the parent	616,490	342,075
Non-controlling interests	84,781	5,199
	<b>701,271</b>	347,274

# Consolidated Statement of Financial Position

30 June 2014

	Notes	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	183,914	169,884
Investment properties		427,074	411,330
Prepaid land lease payments		121,598	124,048
Golf club membership		10,540	10,540
Investments in joint ventures		142,007	30,576
Investments in associates		1,236,700	1,280,688
Available-for-sale investments		735,724	593,865
Properties under development	10	8,661,748	8,817,886
Interests in land use rights for property development	10	2,235,513	2,169,803
Deferred tax assets		77,865	63,724
Total non-current assets		13,832,683	13,672,344
<b>CURRENT ASSETS</b>			
Properties under development	10	17,535,368	17,008,302
Completed properties held for sale		5,690,006	5,450,528
Prepaid land lease payments		2,549	2,574
Prepayments, deposits and other receivables		2,484,395	1,949,268
Equity investments at fair value through profit or loss		436,668	312,864
Prepaid income tax and land appreciation tax		259,897	170,534
Deposits with brokerage companies		247,264	1,652
Pledged deposits		1,639,188	781,247
Restricted bank balances		1,715,713	3,079,115
Time deposits with original maturity over three months		106,692	69,074
Cash and cash equivalents		5,090,550	5,706,852
Non-current assets classified as held for sale	7	35,208,290	34,532,010
		—	1,491,434
Total current assets		35,208,290	36,023,444
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	11	4,025,507	3,597,205
Other payables and accruals		13,129,728	14,220,545
Loans from non-controlling shareholders of subsidiaries		553,908	1,088,971
Interest-bearing bank borrowings	12	4,466,252	3,563,358
Tax payable		2,607,886	2,244,193
Consideration payable on acquisition of subsidiaries		204,223	202,125
Total current liabilities		24,987,504	24,916,397
<b>NET CURRENT ASSETS</b>		10,220,786	11,107,047
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		24,053,469	24,779,391
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	12	6,448,007	7,530,630
Deferred tax liabilities		1,170,251	1,297,838
Consideration payable on acquisition of subsidiaries		—	100,513
Total non-current liabilities		7,618,258	8,928,981
Net assets		16,435,211	15,850,410
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	13	258,822	258,822
Reserves		14,426,357	13,926,337
<b>Non-controlling interests</b>		14,685,179	14,185,159
		1,750,032	1,665,251
Total equity		16,435,211	15,850,410

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Attributable to owners of the parent								
	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Available-for-sale investment revaluation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 January 2014	258,822	9,524,823*	2,346,424*	152,051*	1,728,452*	174,587*	14,185,159	1,665,251	15,850,410
Profit for the period	—	—	—	—	812,070	—	812,070	104,158	916,228
Other comprehensive income for the period:									
Changes in fair value of available-for-sale investments, net of tax	—	—	—	28,226	—	—	28,226	—	28,226
Share of other comprehensive income of joint ventures	—	—	166	—	—	—	166	—	166
Share of other comprehensive income of associates	—	—	(16,546)	—	—	—	(16,546)	—	(16,546)
Release of exchange fluctuation reserve upon disposal of subsidiaries	—	—	(81,132)	—	—	—	(81,132)	—	(81,132)
Exchange differences on translation of foreign operations	—	—	(126,294)	—	—	—	(126,294)	(19,377)	(145,671)
Total comprehensive income for the period	—	—	(223,806)	28,226	812,070	—	616,490	84,781	701,271
Final 2013 dividend approved	—	—	—	—	(116,470)	—	(116,470)	—	(116,470)
At 30 June 2014	258,822	9,524,823*	2,122,618*	180,277*	2,424,052*	174,587*	14,685,179	1,750,032	16,435,211
At 1 January 2013	258,780	9,523,849	1,886,254	59,829	1,339,508	174,587	13,242,807	1,708,727	14,951,534
Profit/(loss) for the period	—	—	—	—	115,506	—	115,506	(29,962)	85,544
Other comprehensive income for the period:									
Changes in fair value of available-for-sale investments, net of tax	—	—	—	(29,151)	—	—	(29,151)	—	(29,151)
Share of other comprehensive income of joint ventures (as restated)	—	—	626	—	—	—	626	—	626
Share of other comprehensive income of associates (as restated)	—	—	27,390	—	—	—	27,390	—	27,390
Release of exchange fluctuation reserve upon disposal of subsidiaries	—	—	(12,562)	—	—	—	(12,562)	—	(12,562)
Exchange differences on translation of foreign operations	—	—	240,266	—	—	—	240,266	35,161	275,427
Total comprehensive income for the period	—	—	255,720	(29,151)	115,506	—	342,075	5,199	347,274
Final 2012 dividend approved	—	—	—	—	(116,451)	—	(116,451)	—	(116,451)
Disposal of subsidiaries	—	—	—	—	—	—	—	(75,942)	(75,942)
Contribution by a non-controlling shareholder	—	—	—	—	—	—	—	3,076	3,076
Dividend paid to a non-controlling shareholder	—	—	—	—	—	—	—	(188,197)	(188,197)
At 30 June 2013	258,780	9,523,849	2,141,974	30,678	1,338,563	174,587	13,468,431	1,452,863	14,921,294

\* These reserve accounts comprise the consolidated reserves of HK\$14,426,357,000 (31 December 2013: HK\$13,926,337,000) in the consolidated statement of financial position.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

		<b>Six months ended 30 June</b>	
	Notes	<b>2014</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations		<b>1,457,287</b>	1,821,797
Tax paid, net		<b>(604,044)</b>	(610,996)
Interest paid		<b>(348,273)</b>	(311,563)
Net cash flows from operating activities		<b>504,970</b>	899,238
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of subsidiaries that are not a business		<b>(98,415)</b>	—
Loans to a joint venture		<b>(143,328)</b>	(4,436)
Loan to a non-controlling shareholder of certain subsidiaries		<b>(104,497)</b>	(8,682)
Payment of land premium and related transaction costs		<b>(496,968)</b>	(2,171,207)
Proceeds from disposal of subsidiaries	14	<b>1,480,703</b>	407,496
Purchases of unlisted equity investments		<b>(116,142)</b>	—
Decrease/(increase) in pledged deposits		<b>(865,342)</b>	1,186,366
Other cash flows arising from investing activities		<b>52,054</b>	107,406
Net cash flows used in investing activities		<b>(291,935)</b>	(483,057)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	8	<b>(116,470)</b>	—
Dividend paid to a non-controlling shareholder of certain subsidiaries		—	(188,197)
Increase/(decrease) in advances from non-controlling shareholders of certain subsidiaries		<b>(524,856)</b>	238,706
Repayment of bank borrowings, net		<b>(146,060)</b>	(9,517)
Payment of loan procurement fee		—	(105,563)
Other cash flows arising from financing activities		—	(5,606)
Net cash flows used in financing activities		<b>(787,386)</b>	(70,177)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(574,351)</b>	346,004
Cash and cash equivalents at beginning of period		<b>5,706,852</b>	3,647,228
Effect of foreign exchange rate changes, net		<b>(41,951)</b>	57,798
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>5,090,550</b>	4,051,030
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		<b>4,867,571</b>	4,023,494
Non-pledged time deposits with original maturity of less than three months when acquired		<b>222,979</b>	27,536
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		<b>5,090,550</b>	4,051,030

## 1. BASIS OF PREPARATION

C C Land Holdings Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and whose shares are publicly traded on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are described in note 3 to the condensed consolidated financial statements.

The unaudited interim condensed consolidated financial statements of the Group 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 “HKICPA”) and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2013.

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the new and revised HKFRSs as disclosed in note 2 to the condensed consolidated financial statements.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period’s unaudited interim condensed consolidated financial statements:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: <i>Presentation — Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

The adoption of these new and revised HKFRSs has had no significant financial effect on the unaudited interim condensed consolidated financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

Property development and investment segment	—	Development and investment of properties located in Mainland China
Treasury investment segment	—	Investments in securities and notes receivables, and provision of financial services

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted results before tax. The adjusted results before tax are measured consistently with the Group’s profit before tax except that finance costs and head office and corporate income and expenses are excluded from such measurement.

# Notes to Condensed Consolidated Financial Statements

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

Information regarding these reportable segments is presented below.

### Reportable segment information

For the six months ended 30 June 2014 — unaudited

	Property development and investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
<b>Segment revenue</b>			
Sales to external customers	4,791,316	(4,284)	4,787,032
<b>Segment results</b>	1,777,950	(18,329)	1,759,621
Corporate and unallocated income			3,040
Corporate and unallocated expenses			(14,395)
Finance costs			(83,189)
Profit before tax			1,665,077

For the six months ended 30 June 2013 — unaudited

	Property development and investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
<b>Segment revenue</b>			
Sales to external customers	1,315,223	9,498	1,324,721
<b>Segment results</b>	465,548	(16,958)	448,590
Corporate and unallocated expenses			(12,490)
Finance costs			(25,644)
Profit before tax			410,456

## 4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue, other income and gains is as follows:

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<b>Revenue</b>		
Sale of properties	4,780,254	1,304,303
Gross rental income	11,062	9,617
Losses on disposal of equity investments at fair value through profit or loss, net	(8,412)	(2,464)
Dividend income from listed equity investments	1,644	9,465
Dividend income from unlisted equity investments	—	1,303
Interest income from unlisted debt investments	2,484	2,497
	4,787,032	1,324,721
<b>Other income and gains</b>		
Bank interest income	42,539	45,552
Other interest income	53,262	23,543
Exchange gains, net	—	11,529
Gain on disposal of subsidiaries (note 14)	466,952	171,910
Fair value gains on investment properties	13,999	15,522
Others	5,219	2,752
	581,971	270,808

# Notes to Condensed Consolidated Financial Statements

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## 5. PROFIT BEFORE TAX

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

	<b>Six months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cost of properties sold	<b>3,219,692</b>	748,752
Depreciation	<b>12,280</b>	13,692
Less: Amount capitalised	<b>(1,453)</b>	(1,241)
	<b>10,827</b>	12,451
Amortisation of prepaid land lease payments	<b>1,277</b>	11,376
Interest on bank and other borrowings wholly repayable:		
Within five years	<b>367,546</b>	316,642
Beyond five years	<b>8,744</b>	7,223
	<b>376,290</b>	323,865
Less: Interest capitalised	<b>(293,101)</b>	(298,221)
	<b>83,189</b>	25,644
Employee benefit expense (including directors' remuneration):		
Wages and salaries	<b>153,142</b>	132,451
Pension scheme contributions	<b>5,967</b>	4,881
Less: Amount capitalised	<b>(67,796)</b>	(57,476)
	<b>91,313</b>	79,856
Gain on disposal of subsidiaries	<b>(466,952)</b>	(171,910)

## 6. INCOME TAX

No Hong Kong profits tax has been provided as the Group does not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2013: Nil). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China.

	<b>Six months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current charge for the period		
— Mainland China	<b>421,720</b>	165,973
Underprovision/(overprovision) in prior periods		
— Mainland China	<b>1,039</b>	(1,013)
Land appreciation tax charge for the period	<b>455,615</b>	252,210
Deferred tax	<b>(129,525)</b>	(92,258)
Total tax charge for the period	<b>748,849</b>	324,912

# Notes to Condensed Consolidated Financial Statements

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## 7. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Notes	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Interests in land use rights for property development	(a)	—	1,452,133
Investment in an associate	(b)	—	39,301
Non-current assets classified as held for sale		—	1,491,434

Notes:

- (a) Interests in land use rights for property development classified as held for sale — Ho Yeung Group

On 13 November 2013, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 100% equity interest in Ho Yeung Group Limited (“Ho Yeung”, and together with its subsidiary, the “Ho Yeung Group”) and a shareholder’s loan owed by Ho Yeung Group to the Group for a total consideration of RMB1,425,480,000 (equivalent to HK\$1,827,747,000).

Ho Yeung Group is principally engaged in property development and investment in Mainland China. The major assets of the Ho Yeung Group comprise interests in land use rights for property development amounting to HK\$1,452,133,000 which were classified as non-current assets held for sale and were presented separately in the consolidated statement of financial position as at 31 December 2013. The disposal of Ho Yeung Group was completed on 15 January 2014. Details of net assets of Ho Yeung Group disposed of and the computation of the related gain on disposal are included in note 14(a) to the condensed consolidated financial statements.

- (b) Investment in an associate classified as held for sale — Sichuan Hengchen

On 30 November 2010, the Group entered into a share transfer agreement with a non-controlling shareholder of Sichuan Hengchen Real Estate Development Company Limited (“Sichuan Hengchen”) to dispose of its entire 60% equity interest in Sichuan Hengchen. Sichuan Hengchen is principally engaged in property development and investment in Mainland China. The partial disposal of 30% equity interest in Sichuan Hengchen was completed on 30 March 2011.

Upon completion of the first 30% disposal, the Group ceased to have control over Sichuan Hengchen thereafter. The Group has accounted for the investment retained in Sichuan Hengchen as an associate held for sale which was stated at its fair value at the date the control was lost and was presented as a non-current asset held for sale as at 31 December 2013. The disposal of the remaining 30% equity interest in Sichuan Hengchen was completed on 24 June 2014.

## 8. DIVIDENDS

During the six months ended 30 June 2014, the Company declared a final dividend of HK\$0.045 per ordinary share amounting to HK\$116,470,000 for the year ended 31 December 2013. The final dividend was paid on 18 June 2014.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2014.

During the six months ended 30 June 2013, the Company declared a final dividend of HK\$0.045 per ordinary share amounting to HK\$116,451,000 for the year ended 31 December 2012 with a scrip alternative offered to shareholders to elect to receive the final dividend by an allotment of new shares in lieu of cash. A scrip dividend of HK\$1,016,000 was paid on 3 July 2013 by issuing 423,217 ordinary shares of HK\$0.10 each in the Company at a market value determined to be HK\$2.4 per share and a cash dividend of HK\$115,435,000 was paid on the same date.

No interim dividend was declared for the six months ended 30 June 2013.

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

The calculation of basic earnings per share 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.

No adjustment has been made to the basic earnings per share presented for the six months ended 30 June 2014 and 2013 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share presented.

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

	<b>Six months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<b>812,070</b>	115,506
<b>Number of shares</b>		
	<b>Six months ended 30 June</b>	<b>2013</b>
	<b>2014</b>	<b>2013</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	<b>2,588,223,112</b>	2,587,799,895

**10. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT/PROPERTIES UNDER DEVELOPMENT/ INTERESTS IN LAND USE RIGHTS FOR PROPERTY DEVELOPMENT**

During the six months ended 30 June 2014, the Group incurred HK\$30,379,000 (six months ended 30 June 2013: HK\$8,994,000) on the additions of items of property, plant and equipment.

During the six months ended 30 June 2014, the Group incurred HK\$3,704,222,000 (six months ended 30 June 2013: HK\$2,996,531,000) on the additions of properties under development.

During the six months ended 30 June 2014, the Group incurred HK\$496,968,000 (six months ended 30 June 2013: HK\$2,576,688,000) on the additions of interests in land use rights for property development.

**11. TRADE AND BILLS PAYABLES**

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within 1 year	<b>4,025,507</b>	3,597,205

The trade and bills payables are non-interest-bearing and repayable within the normal operating cycle.

# Notes to Condensed Consolidated Financial Statements

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## 12. INTEREST-BEARING BANK BORROWINGS

	30 June 2014 (Unaudited)			31 December 2013 (Audited)		
	Contractual interest rate	Maturity	HK\$'000	Contractual interest rate	Maturity	HK\$'000
<b>Current</b>						
Bank loans — secured	RMB base lending rate/ RMB base lending rate × (1 + 5% to 1 + 47%)/ HIBOR + 0.73% to HIBOR + 3.5%/ fixed rate of 3.475%	2014 - 2015	3,413,779	RMB base lending rate/ RMB base lending rate × (1 + 5% to 1 + 42%)/ HIBOR + 2% to HIBOR + 3.5%/ fixed rate of 3.475%	2014	2,859,607
Bank loans — unsecured	HIBOR + 4% to HIBOR + 4.25%	2014 - 2015	1,052,473	HIBOR + 4% to HIBOR + 4.25%	2014	703,751
			<u>4,466,252</u>			<u>3,563,358</u>
<b>Non-current</b>						
Bank loans — secured	RMB base lending rate × (1 + 10% to 1 + 62%)/ HIBOR + 3.5%/ fixed rate of 7.38% to 7.5%	2015 - 2022	4,089,559	RMB base lending rate × (1 + 5% to 1 + 30%)/ HIBOR + 2.375% to HIBOR + 3.5%/ fixed rate of 7.38% to 7.5%	2015 - 2022	4,511,477
Bank loans — unsecured	HIBOR + 4.25%	2016	2,358,448	HIBOR + 4.25%	2016	3,019,153
			<u>6,448,007</u>			<u>7,530,630</u>
			<u>10,914,259</u>			<u>11,093,988</u>
Analysed into:						
Bank loans repayable:						
			4,466,252			3,563,358
			4,408,684			1,696,658
			1,960,583			5,742,396
			78,740			91,576
			<u>10,914,259</u>			<u>11,093,988</u>

## 13. SHARE CAPITAL

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Authorised:		
5,000,000,000 (31 December 2013: 5,000,000,000) ordinary shares of HK\$0.10 (31 December 2013: HK\$0.10) each	500,000	500,000
Issued and fully paid:		
2,588,223,112 (31 December 2013: 2,588,223,112) ordinary shares of HK\$0.10 (31 December 2013: HK\$0.10) each	258,822	258,822

**14. DISPOSAL OF SUBSIDIARIES****For the six months ended 30 June 2014**

- a) Details of the net assets of Ho Yeung Group disposed of in the current period and their financial impacts are summarised below:

	(Unaudited) HK\$'000
Net assets disposed of:	
Interests in land use rights for property development	1,452,133
Exchange reserve released upon disposal of Ho Yeung Group	(81,747)
Gain on disposal of subsidiaries	457,361
	1,827,747
Satisfied by:	
Cash	1,827,747

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Ho Yeung Group is as follows:

	(Unaudited) HK\$'000
Cash consideration and net inflow of cash and cash equivalents in respect of the disposal of Ho Yeung Group	1,827,747

The cash consideration of HK\$382,044,000 and HK\$1,445,703,000 was settled in second half of 2013 and the six months ended 30 June 2014, respectively.

- b) On 27 June 2014, the Group transferred its entire 100% equity interest in Victory Joy Investments Limited ("Victory Joy", and together with its joint venture, the "Victory Joy Group") and a shareholder's loan owed by the Victory Joy Group to the Group to an independent third party for a total consideration of HK\$35,000,000. The disposal was completed on the same date and a gain on disposal of a subsidiary of HK\$9,591,000 was recognised in the consolidated statement of profit or loss.

Details of the net assets of the Victory Joy Group disposed of in the current period and their financial impacts are summarised below:

	(Unaudited) HK\$'000
Net assets disposed of:	
Investment in a joint venture	24,794
Exchange reserve released upon disposal of the Victory Joy Group	615
Gain on disposal of a subsidiary	9,591
	35,000
Satisfied by:	
Cash	35,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the Victory Joy Group is as follows:

	(Unaudited) HK\$'000
Cash consideration and net inflow of cash and cash equivalents in respect of the disposal of the Victory Joy Group	35,000

# Notes to Condensed Consolidated Financial Statements

30 June 2014

## 14. DISPOSAL OF SUBSIDIARIES *(continued)*

For the six months ended 30 June 2013

- c) On 23 April 2012, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 100% equity interest in Keen Star Limited (“Keen Star”) and a shareholder’s loan owed by Keen Star to the Group for a total consideration of HK\$408,212,000. The disposal was completed on 3 January 2013 and a gain on disposal of subsidiaries of HK\$171,910,000 was recognised in the consolidated statement of profit or loss.

Details of the aggregate net assets of Keen Star and its subsidiary (the “Keen Star Group”) disposed of in the prior period and their financial impacts are summarised below:

	HK\$'000
Net assets disposed of:	
Property, plant and equipment	2,009
Properties under development	358,528
Prepayment, deposits and other receivables	41,908
Cash and cash equivalents	716
Other payables and accruals	(1,744)
Loans from a non-controlling shareholder	(76,611)
Non-controlling interests	(75,942)
	248,864
Exchange reserve released upon disposal of Keen Star Group	(12,562)
Gain on disposal of subsidiaries	171,910
	408,212
Satisfied by:	
Cash	408,212

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Keen Star Group is as follows:

	HK\$'000
Cash consideration	408,212
Cash and bank balances disposed of	(716)
Net inflow of cash and cash equivalents in respect of the disposal of Keen Star Group	407,496

## 15. COMMITMENTS

The Group had the following commitments in respect of property development expenditures at the end of the reporting period:

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Contracted, but not provided for	8,581,111	8,655,469

# Notes to Condensed Consolidated Financial Statements

30 June 2014

## 16. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the unaudited interim condensed consolidated financial statements were as follows:

	<b>30 June 2014 (Unaudited) HK\$'000</b>	31 December 2013 (Audited) HK\$'000
Guarantees given to banks in connection with facilities granted to an associate	<b>526,092</b>	526,092

## 17. FINANCIAL GUARANTEES

At the end of the reporting period, the Group had the following financial guarantees:

	<b>30 June 2014 (Unaudited) HK\$'000</b>	31 December 2013 (Audited) HK\$'000
Guarantees in respect of mortgage facilities provided for certain customers	<b>5,505,215</b>	7,492,646

The Group have arranged bank financing for certain purchasers of their property units and provided guarantees to secure the obligations of these purchasers for repayments. The guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificates which will generally be available within one year upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loans by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalty owed by the defaulted purchasers to the banks and the banks are entitled to take over the legal titles and possession of the related properties. The guarantee period starts from the dates of grant of the mortgages. The directors of the Company consider that the fair value of the guarantees is not significant and in the case of default on payments, the net realisable value of the related properties will exceed the repayment of the outstanding mortgage principals together with the accrued interest and penalties. Therefore no provision has been made in the financial statements for the guarantees.

## 18. SHARE-BASED PAYMENTS

The following share options were outstanding during the period:

Date of grant of share options *	Number of share options						Exercise period of share options	Exercise price of share options HK\$ per share	Closing price of the Company's shares ** HK\$ per share
	At 1 January 2014	Granted during the period	Exercise during the period	Cancelled during the period	Lapsed during the period	At 30 June 2014			
07-05-2009	17,500,000	—	—	—	—	17,500,000	07-05-2009 to 06-05-2019	3.27	3.47
03-09-2010	43,614,000	—	—	—	—	43,614,000	03-09-2010 to 02-09-2020	3.31	3.19
03-09-2010	4,800,000	—	—	—	—	4,800,000	01-01-2011 to 02-09-2020	3.31	3.19
	65,914,000	—	—	—	—	65,914,000			

\* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

\*\* The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of grant of the options.

The Group did not recognise any share option expense during the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

# Notes to Condensed Consolidated Financial Statements

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## 19. PLEDGE OF ASSETS

At the end of the reporting period, the Group pledged certain of its assets as securities for banking facilities granted to the Group. The aggregate carrying values of the assets are listed below:

	<b>30 June 2014 (Unaudited) HK\$'000</b>	31 December 2013 (Audited) HK\$'000
Property, plant and equipment	<b>86,143</b>	93,001
Investment properties	<b>193,261</b>	189,418
Properties under development	<b>11,702,802</b>	12,149,652
Completed properties held for sale	<b>17,857</b>	114,029
Time deposits	<b>1,639,188</b>	781,247

## 20. RELATED PARTY TRANSACTIONS

- (a) The Group incurred rental expense of HK\$480,000 (six months ended 30 June 2013: HK\$480,000) to a company under common control of a controlling shareholder of the Company for the six months ended 30 June 2014 which was mutually agreed between the Group and the related company.
- (b) Other transactions with related parties
- (i) During the period, certain of the Group's buildings and prepaid land lease payments with an aggregate carrying amount of HK\$12,434,000 at 30 June 2014 (31 December 2013: HK\$13,104,000) were provided to a family member of a director for the operation of a school free of charge during the period.
- (ii) As at 30 June 2014, the Group executed guarantee amounting to HK\$526,092,000 (31 December 2013: HK\$526,092,000) to banks in connection with facilities granted to its associate.

- (c) Commitments with related parties

On 20 June 2012, a subsidiary of the Group entered into a three-year agreement ending 11 July 2015 with a company under common control of a controlling shareholder of the Company to lease office premises in Hong Kong. The amount of rental expense for the period ended 30 June 2014 is included in note 20(a) to the condensed consolidated financial statements. The amounts of rental expense for the year ending 31 December 2014 and 2015 expects to be approximately HK\$960,000 and HK\$508,000, respectively.

- (d) Outstanding balances with related parties

The Group's loans to its joint venture as at 30 June 2014 are HK\$181,682,000 (31 December 2013: HK\$94,094,000). The Group's loans to its associate and amounts due to associates as at 30 June 2014 are HK\$992,771,000 and HK\$38,272,000, respectively (31 December 2013: HK\$987,560,000 and HK\$10,798,000, respectively).

- (e) Compensation of key management personnel of the Group:

	<b>Six months ended 30 June 2014 (Unaudited) HK\$'000</b>	2013 (Unaudited) HK\$'000
Short term employee benefits	<b>7,950</b>	7,320
Post-employment benefits	<b>383</b>	351
Total compensation paid to key management personnel	<b>8,333</b>	7,671

The related party transactions in respect of items (a) and (b)(i) above also constitute connected transaction as defined in Chapter 14A of the Listing Rules.

## 21. FAIR VALUE MEASUREMENT

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted bank balances, time deposits with original maturity over three months, deposits with brokerage companies, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, loans from non-controlling shareholders of subsidiaries, amounts due from/to joint ventures and associates, current portion of interest-bearing bank borrowings and consideration payable on acquisition of subsidiaries approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the director and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the director. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The methods and assumptions were used to estimate the fair values are summarised below.

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments on with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2014 was assessed to be insignificant. Management has assessed that the fair values of the non-current portion of interest-bearing bank borrowings approximate to their carrying amounts.

The fair value of the unlisted equity available-for-sale investment measured at cost has been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to make estimates about the expected future cash flows including expected future dividends and proceeds on subsequent disposal of the shares. In the opinion of the Directors, the fair value of such investments cannot be measured reliably and the underlying fair values of investments were not less than then carrying values of the investments as at 30 June 2014.

The fair values of listed available-for-sale equity investments and unlisted available-for-sale debt investments are based on quoted market prices. The fair value of one of the Group's unlisted available-for-sale equity investments has been estimated based on its H-share traded in Hong Kong with a marketability discount. For the rest of the unlisted equity available-for-sale investments measured at fair value, their fair values are derived from the net asset value per share of the investment. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Below is a summary of significant unobservable input to the valuation of financial instruments:

	Valuation technique	Significant unobservable input	Range	Sensitivity of the input to fair value
As at 30 June 2014:				
Unlisted available-for-sale equity investments	Discounted market value	Discount for lack of marketability	25%	5% increase/(decrease) in marketability discount would result in decrease/(increase) in fair value by HK\$3,786,000
As at 31 December 2013:				
Unlisted available-for-sale equity investments	Discounted market value	Discount for lack of marketability	25%	5% increase/(decrease) in marketability discount would result in decrease/(increase) in fair value by HK\$4,063,000

Discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

# Notes to Condensed Consolidated Financial Statements

30 June 2014

## 21. FAIR VALUE MEASUREMENT *(continued)*

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Assets measured at fair value:

#### Group

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
<b>As at 30 June 2014</b>				
Available-for-sale investments:				
Equity investments	528,266	—	56,790	585,056
Debt investments	34,526	—	—	34,526
Equity investments at fair value through profit or loss	436,668	—	—	436,668
	<b>999,460</b>	<b>—</b>	<b>56,790</b>	<b>1,056,250</b>
<b>As at 31 December 2013</b>				
Available-for-sale investments:				
Equity investments	502,898	—	60,915	563,813
Debt investments	30,052	—	—	30,052
Equity investments at fair value through profit or loss	312,864	—	—	312,864
	<b>845,814</b>	<b>—</b>	<b>60,915</b>	<b>906,729</b>

The movements in fair value measurements in Level 3 during the period are as follows:

	HK\$'000
Available-for-sale investments — unlisted:	
At 1 January 2014	60,915
Total losses recognised in other comprehensive income	(4,125)
At 30 June 2014	56,790

The Group did not have any financial liabilities measured at fair value as at 30 June 2014 and 31 December 2013.

During the six months ended 30 June 2014, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2013: Nil).

## 22. COMPARATIVE AMOUNTS

Certain comparative figures of shares of profits and losses and other comprehensive income of associates and joint ventures have been reclassified to conform to the current period's presentation. These reclassifications have no impact on the Group's profits for the periods ended 30 June 2013 and 2014.

## 23. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements were approved by the board of directors on 26 August 2014.