



珠光控股

ZHUGUANG HOLDINGS

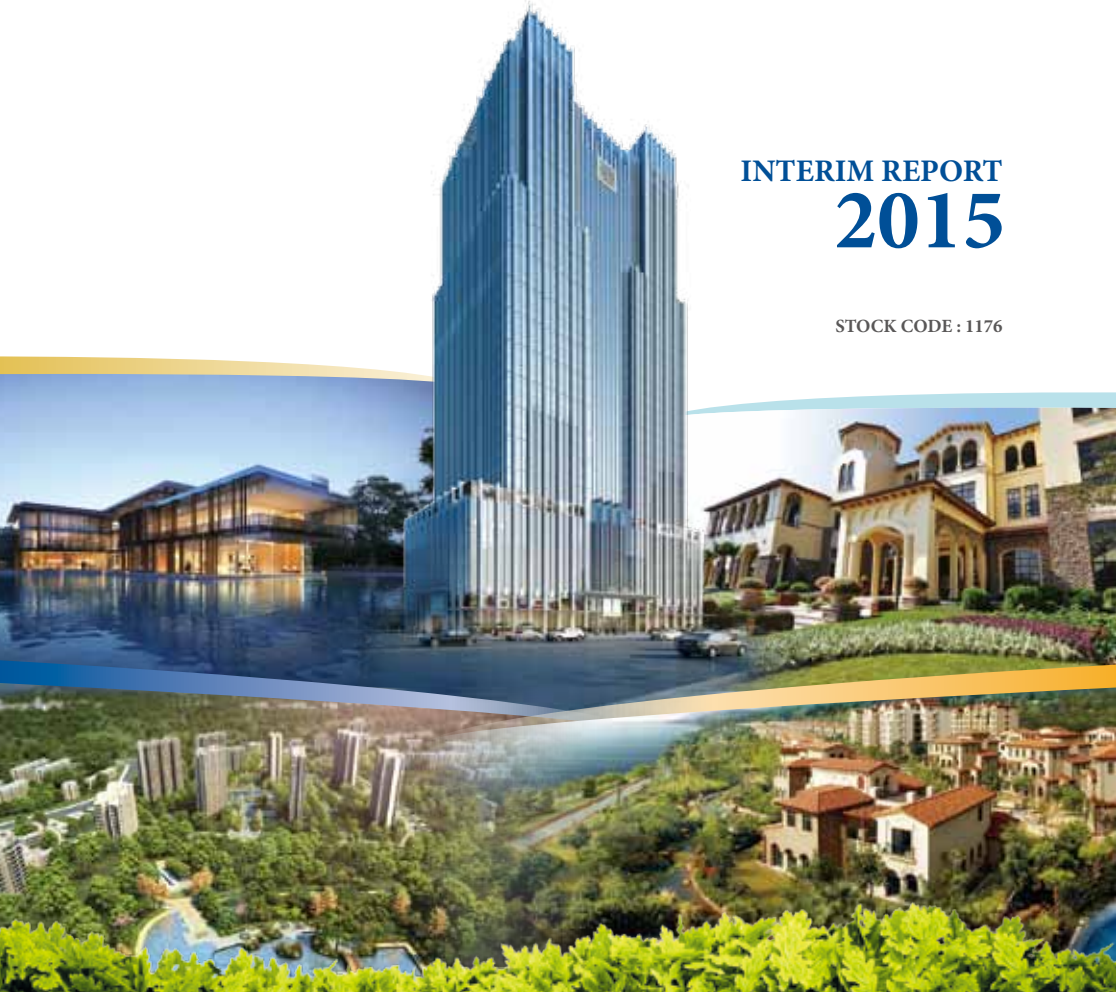
ZHUGUANG HOLDINGS GROUP COMPANY LIMITED

珠光控股集團有限公司*

(incorporated in Bermuda with limited liability)

INTERIM REPORT 2015

STOCK CODE : 1176



* For identification purposes only

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi)
(Chairman)
Mr. Liao Tengjia *(Chief Executive Officer)*
Mr. Huang Jiajue *(Deputy Chairman)*
Mr. Chu Muk Chi (alias Mr. Zhu La Yi)
Ms. Ye Lixia

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Wo Ping *JP*
Mr. Wong Chi Keung
Dr. Feng Ke

AUDIT COMMITTEE

Mr. Leung Wo Ping *JP*
(Committee Chairman)
Mr. Wong Chi Keung
Dr. Feng Ke

REMUNERATION COMMITTEE

Mr. Wong Chi Keung
(Committee Chairman)
Mr. Leung Wo Ping *JP*
Mr. Huang Jiajue

NOMINATION COMMITTEE

Mr. Wong Chi Keung
(Committee Chairman)
Mr. Leung Wo Ping *JP*
Mr. Huang Jiajue

REGISTERED OFFICE

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Bermuda

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COMPANY SECRETARY

Mr. Ng Hoi Leung Leo

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China Hong Kong
Branch
China Construction Bank (Asia)
Corporation Limited
The Hongkong and Shanghai Banking
Corporation Limited
Industrial and Commercial Bank of China
(Asia) Limited
Bank of China Limited

WEBSITE

www.zhuguang.com.hk

STOCK CODE

1176

The board of Directors (“Board”) of Zhuguang Holdings Group Company Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015 together with the comparative figures as follows:

FINANCIAL HIGHLIGHTS

RESULTS	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
Turnover — sale of properties	1,235,745	—
— rental income	26,832	24,400
Fair value gains on investment properties	36,985	61,215
Gains on disposal of subsidiaries	—	198,607
Loss for the period attributable to owners of the Company	(187,670)	(396,213)
	At 30 June 2015 HK\$'000 (Unaudited)	At 31 December 2014 HK\$'000 (Audited)
Total assets	19,672,404	20,235,831
Total liabilities	16,018,628	16,390,607
Total equity	3,653,776	3,845,224

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The China economy was still under the pressure of domestic economic downturn in the first half of 2015, the China Government launched a series of measures to maintain economic growth within a reasonable range. According to the National Bureau of Statistics of China, China's gross domestic products grew at 7.0%.

Despite that there has not yet been a full recovery in China property market, there were signs of stabilisation in the sales of property market after a series of loosening policies such as interest rate cut, loosening the restrictions on mortgage lending and purchase, loosening limitations on mortgage and withdrawal from housing provident fund, shortening the duration for exemption of business tax and lowering the down payment ratio for mortgage of second home purchase launched by the China Government. In the first-tier cities, the demand for property purchases was still strong, the prices will recover to an upward trend steadily, particularly in cities with large trading volume and low inventory pressure, the increase in property prices will be relatively more obvious. For property prices in key second-tier cities, with further liberalisation in the market environment and continuous increase in demand for property and the prices will be stabilised.

Looking forward to the second half of 2015, the property market demand is expected to be gradually improved and moving towards sustained steady growth. The marketisation of the whole industry will be strengthened to further promote market demand. As a result, property market are expected to benefit from favorable policies and access to integrated resources.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS REVIEW *(continued)*

Property Development and Sales

During the period, the Group achieved contracted sales amounted to approximately HK\$1,166,290,000 for the first half of 2015, and contracted gross floor area (“GFA”) approximately 49,213 square meters (“sqm”). The details are as follows:

Projects	Contracted sales HK\$'000	GFA Sold (sqm)
Zhukong International	905,774	18,732
Pearl Tianhu Yujing Garden ("Tianhu Yujing")	134,963	18,308
Zhuguang Yujing Scenic Garden ("Yujing Scenic Garden")	87,059	10,238
Central Park	8,551	157
	1,136,347	47,435
Car parks	29,943	1,778
	1,166,290	49,213

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS REVIEW *(continued)*

Property Development and Sales *(continued)*

As at 30 June 2015, the Group owned eight property development projects. Details are as follows:

Nansha Scenic 100% interest

“Nansha Scenic” is located at Jinzhou Main Street, Nansha District, Guangzhou, the People’s Republic of China (“PRC”), which is the central business district in Nansha. The project was completed and delivered in 2013 and only car parks are available for sale. During the period, the car parks were launched for sale and 148 car parks were delivered and the remaining 80 car parks are expected to be delivered soon.

Zhukong International 80% interest

“Zhukong International” is located at Lot A2-1, Zhujiang New Town, Tianhe District, Guangzhou, the PRC, which is at the junction of Guangzhou Avenue and Huang Pu Da Dao. With a site area of approximately 10,449 sqm, the project is developed into a 35-storey high-rise commercial complex. This includes a 6-storey commercial podium, a 29-storey Grade A office building and a 3-storey underground car park, amounting to an aggregate GFA of approximately 133,297 sqm. The Group has delivered approximately 39,748 sqm in 2014 and the remaining saleable areas will be available for sale or leasing. During the period, approximately 7,491 sqm were leased to various tenants and the remaining areas will be sold or leased depend on the market condition.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS REVIEW *(continued)*

Property Development and Sales *(continued)*

Central Park 100% interest

“Central Park” is located at Lot H3-3, Zhujiang New Town, Tianhe District, Guangzhou, the PRC, and is entitled to total GFA of approximately 34,852 sqm, which will be developed into a 30-storey building including service apartments, a street-level commercial podium and a 4-storey underground car park. The project was ready for delivery and approximately 16,422 sqm was delivered during the period. The remaining areas will be delivered in the first half of 2016.

Yujing Scenic Garden 70% interest

“Yujing Scenic Garden” is located at Provincial Highway G105 line at Jiulibu District, Jiangpu Town, Conghua, Guangzhou, the PRC, which is well connected via a number of highways to and from Guangzhou. The project is a 20-minute drive from the downtown Conghua and a 10-minute drive from Wenquan Town, Conghua. The project site area is approximately 294,684 sqm and will be developed into a commercial and residential complex, comprising residential and commercial buildings, service apartments and car parks. The total GFA is approximately 886,270 sqm and will be developed into four phases. Phase I was completed and delivered in 2014 and the first half of 2015 approximately to 95,410 sqm and 55,920 sqm respectively. Phase II will be delivered in the second half of 2015 and 2016. Phase III and IV with total GFA of approximately 432,853 sqm is expected to be completed in 2017 and 2018.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS REVIEW *(continued)*

Property Development and Sales *(continued)*

Tianhu Yujing 100% interest

“Tianhu Yujing” is located at Shui Di Village, Jiulibu District, Wenquan Town, Conghua, Guangzhou, the PRC, with a site area of approximately 55,031 sqm, the land is located adjacent to Yujing Scenic Garden, the Group considered developing the land together with Yujing Scenic Garden and thus expand the Group’s development and presence in Conghua. The project will be developed into 32-storey modern residential buildings with total GFA of approximately 240,296 sqm in two phases. Phase I was commenced pre-sale in the 4th quarter of 2014 and expected to be delivered in 2016. Phase II will be launched for pre-sale soon.

Yunshan Yujing 100% interest

“Yunshan Yujing” is situated near Baiyun Mountain in the Baiyun District, Guangzhou, a traditional hub of high-end property market in Guangzhou City. The site neighbours on well-established residential and commercial communities and is only 15-minute drive away from the central business district of Guangzhou City. The site area was approximately 94,221 sqm and will be developed into high-end villas, apartments and certain public facilities. The project already commenced foundation work and is expected to obtain the pre-sale permit in the first half of 2016.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS REVIEW *(continued)*

Property Development and Sales *(continued)*

Pearl Yunling Lake 100% interest

“Pearl Yunling Lake” project is located at Provincial Highway S355 line at Jiekou Street, Conghua, Guangzhou, the PRC, which is adjacent to the Fengyunling Forest Park, and is the main transportation link between Conghua and Guangzhou. The project site area is approximately 200,083 sqm, of which approximately 139,182 sqm will be developed and the remaining area reserved for public facilities. According to the latest design, the project will be developed an integrated residential and resort complex, comprising villas, low-rise apartment buildings and a boutique hotel. The total GFA is expected to be approximately 124,521 sqm. The development is divided into two phases, with Phase I comprising 57 villas and 5 apartment buildings with an aggregate GFA of approximately 43,004 sqm and Phase II comprising 28 villas, 3 apartment buildings and a hotel, with an aggregate GFA of approximately 81,517 sqm. The villas and apartment buildings will be available for sales upon completion, whilst the hotel will be retained as a long-term investment asset under the Group.

Pearl Yijing 100% interest

“Pearl Yijing” is located at No.168 Xinkai Street, Xianghe County, Hebei Province, the PRC. The project will be developed into several residential buildings with total GFA of approximately 193,629 sqm. The foundation work is expected to commence in the second half of 2015.

Land Bank

The Group’s strategy is to maintain a portfolio of land bank which is sufficient to support the Group’s own development pipeline for the forthcoming three to five years. During the period, the Group did not acquire any additional land except for a few potential projects still under negotiation. The Group continues to investigate its existing cities and explore into new cities in the PRC with growth potential and best investment value.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS REVIEW *(continued)*

Property Investments

The Group owns certain floors of Royal Mediterranean Hotel (“Hotel”) located at 518 Tianhe Road, Tianhe District, Guangzhou, the PRC, as a leased property with GFA of approximately 18,184 sqm as at 30 June 2015. During the period, certain portions of the Zhukong International were leased out, it is the management intention to retain certain portions as investment properties in order to keep a steady income stream to the Group.

Business Prospect

Looking forward to the second half of 2015, it is expected that monetary policy will remain stable and loose. The overall economy in the second half of 2015 will be slightly better than the first half of 2015. The property market in China will revive and the property prices in some cities will increase particularly. The effect of loose monetary policy in the prior period will be reflected in the second half of 2015.

The Group is cautiously optimistic about the development of the property industry. We will continue to grasp the opportunities in property market by acquiring land parcels of quality situated at suitable locations and developing urban renewal projects. Besides, the Group will continue to focus on specific areas and develop various types of projects targeting customers with different demands such as those with a rigid demand and a need for improving living conditions.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

FINANCIAL REVIEW

Turnover and Segmental Information

Turnover

The Group's turnover represented the sale of properties and rental income generated. The turnover of the Group was approximately HK\$1,262,577,000 (six months ended 30 June 2014: HK\$24,400,000). The increase was mainly due to the amounts of delivered properties were higher than the same period in 2014. During the period, total area delivered was approximately 74,120 sqm (six months ended 30 June 2014: Nil). Rental income recorded an increase of 10% to approximately HK\$26,832,000 (six months ended 30 June 2014: HK\$24,400,000), the increase is primarily due to certain areas of the Zhukong International were leased out during the period.

Investment and other income

Current period investment and other income increased to approximately HK\$84,791,000 mainly due to the increase in interest income received from bank deposits and deposits/prepayments for acquisition of equity interest approximately to HK\$53,245,000 and HK\$27,455,000 respectively comparing to the corresponding period of last year.

Fair value gains on investment properties

Fair value gains on investment properties including the Royal Mediterranean Hotel and the leased portion of Zhukong International. Current period fair value gains mainly arised from the leased portion of Zhukong International.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

FINANCIAL REVIEW *(continued)*

Turnover and Segmental Information *(continued)*

Selling and marketing expenses

Selling and marketing expenses for the current period were approximately HK\$7,593,000 (six months ended 30 June 2014: HK\$17,829,000) due to the significant decrease in promotion expenses incurred as a result of the delivery of various projects during the period.

Administrative and other expenses

Administrative and other expenses of the Group slightly decrease to approximately HK\$83,935,000 (six months ended 30 June 2014: HK\$84,132,000) due to the cost control carry out during the period.

Finance costs

Finance costs for the current period were approximately HK\$493,931,000 (six months ended 30 June 2014: HK\$204,766,000), which were made up of interest expenses incurred in the period after deduction of the amount capitalised to development costs. The significant increase was mainly attributable to the secured senior notes in the aggregate principal amount of US\$200,000,000 issued by the Company in the second half of 2014 and the first half of 2015 and additional bank and other borrowings as compared to corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

FINANCIAL REVIEW *(continued)*

Turnover and Segmental Information *(continued)*

Income tax

Income tax comprises of corporate income tax in the PRC (“CIT”), land appreciation tax (“LAT”) and the deferred tax arising from revaluation of investment properties. The significant increase was mainly due to increase in CIT and LAT approximately to HK\$142,455,000 (six months ended 30 June 2014: HK\$2,569,000) and HK\$47,206,000 (six months ended 30 June 2014: Nil) respectively due to the delivery of properties during the period.

Liquidity and Capital Resources

Cash position

As at 30 June 2015, the Group's bank and cash balances (including restricted bank deposits) amounted to approximately HK\$5,603,926,000 (31 December 2014: HK\$4,068,640,000).

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

FINANCIAL REVIEW *(continued)*

Liquidity and Capital Resources *(continued)*

Borrowings, charges on group assets and gearing ratio

The Group's bank and other borrowings comprise the following:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Bank loans — secured	3,393,953	3,294,531
Senior Notes — secured	2,858,728	2,112,163
Other borrowings — secured	3,270,674	3,419,434
	9,523,355	8,826,128

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

FINANCIAL REVIEW *(continued)*

Liquidity and Capital Resources *(continued)*

Borrowings, charges on group assets and gearing ratio *(continued)*

- (a) The borrowings (including secured bank loans, secured senior notes and secured other borrowings) were secured by (i) investment properties; (ii) land use rights classified under prepaid land lease payments and the construction in progress thereon; (iii) properties for sale under development and properties held for sale; (iv) pledged bank deposits; (v) equity interests of certain subsidiaries of the Group; (vi) assignment of all rental income from certain investment properties; (vii) corporate guarantee by an independent third party, related companies, controlling shareholder and a non-controlling shareholder of a subsidiary; (viii) guarantees executed by the Company's directors Mr. Chu Hing Tsung (alias Zhu Qing Yi), Mr. Liao Tengjia, Mr. Chu Muk Chi (alias Zhu La Yi) and a director of a subsidiary of the Company; (ix) ordinary shares of the Company beneficially owned by controlling shareholder; and (x) charge over the assets provided by 廣東豐順鹿湖溫泉渡假村有限公司(Guangdong Feng Shun Lu Hu Hot Spring Resort Company Limited)*.
- (b) The gearing ratio is measured by the net borrowings (total interest-bearing borrowings net of cash and cash equivalents and restricted bank deposits) over the equity attributable to owners of the Company. As at 30 June 2015, the gearing ratio was 122% (31 December 2014: 140%).

* English name is translated for identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

CONTINGENT LIABILITIES

- (a) The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Guarantees given to banks for mortgage facilities utilised by purchasers	1,147,923	1,019,554

Pursuant to the terms of the guarantees, if there are any defaults on the mortgages, the Group is responsible to repay the outstanding mortgage principals together with accrued interests and penalties owed by the defaulting purchasers to the banks. The Group is then entitled to take over the legal title and possession of the related properties. The guarantees will be released upon issuance of the purchasers' property ownership certificates and completion of the relevant registration of the mortgaged properties.

At the reporting date, the Directors do not consider it probable that a claim will be made against the Group under the above guarantees.

The fair value of the guarantees at date of inception is not material and is not recognised.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

CONTINGENT LIABILITIES *(continued)*

(b)	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Guarantee given to a bank in respect of bank facilities granted to Guangdong Province Huashui Shui Li Investment Company Limited* ("Guangdong Huashui")	380,415	380,292

As at 30 June 2015, the banking facilities granted to Guangdong Huashui were utilised to the extent of approximately HK\$337,187,000.

As at 30 June 2015, approximately HK\$100,326,000 was recognised in the condensed consolidated statement of financial position as liabilities.

* English name is translated for identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

CONTINGENT LIABILITIES *(continued)*

- (c) As at 30 June 2015, the Group has provided guarantee and pledged certain of its properties for sale under development with carrying amount of approximately HK\$259,828,000 to a financial institution regarding a loan and the interest thereon totalling RMB125,000,000 (equivalent to approximately HK\$158,506,000) granted to a previous owner of the Group's subsidiary 香河縣逸景房地產開發有限公司 (Xianghe County Yijing Property Development Company Limited*) ("Xianghe Yijing"). The guarantee and the charged assets will be released, in accordance with the terms of the guarantee contract, up to a maximum of two years after the full repayment of the loan and interest thereon.

As at 30 June 2015, the Directors do not consider it probable that a claim will be made against the Group under the above guarantee. The Directors believe that all the outstanding amounts will be settled by the previous owner of Xianghe Yijing. In addition, the Group also owed approximately HK\$126,805,000 to the previous owner of Xianghe Yijing as at 30 June 2015. If there were any default payment of loan by the previous owner of Xianghe Yijing, the Group would be responsible to repay the outstanding loan principal together with accrued interest and penalty owed by the previous owner of Xianghe Yijing to the financial institution. The Directors indicated that, in the event of default payment by the previous owner of Xianghe Yijing, the Group would then withhold the repayment of its loan due to the previous owner of Xianghe Yijing.

The fair value of the guarantee at date of inception is not material and is not recognised.

* English name is translated for identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

FOREIGN EXCHANGE RATE

The Group conducts its business almost exclusively in Renminbi (“RMB”) except that certain borrowings are in HK\$ and US\$. The conversion of RMB into HK\$, US\$ or other foreign currencies has been based on the rates set by the People’s Bank of China. The value of RMB against the HK\$, US\$ and other foreign currencies may fluctuate and is affected by factors such as changes in the PRC’s political and economic conditions. The Group has not adopted any financial instruments for hedging purposes. However, the Group will constantly assess the foreign exchange risk it encounters so as to decide on the hedging policy to manage the possible foreign exchange risk that may arise.

STAFF AND REMUNERATION POLICIES

The Group had approximately 136 employees in Hong Kong and the PRC as at 30 June 2015 (31 December 2014: 140). They are remunerated according to their respective job nature, market conditions, individual performance and qualifications. Other staff benefits include annual bonus.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
Turnover	5	1,262,577	24,400
Cost of sales		(900,357)	—
Gross profit		362,220	24,400
Investment and other income	6	84,791	18,412
Other gains and losses	7	50,880	(355,091)
Selling and marketing expenses		(7,593)	(17,829)
Administrative expenses		(41,328)	(35,685)
Other expenses		(42,607)	(48,447)
Profit/(Loss) from operations		406,363	(414,240)
Finance costs	9	(493,931)	(204,766)
Gain on disposal of subsidiaries		—	198,607
Loss before tax		(87,568)	(420,399)
Income tax	10	(114,343)	(3,278)
Loss for the period	11	(201,911)	(423,677)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) <i>(Restated)</i>
Loss for the period attributable to:			
Owners of the Company		(187,670)	(396,213)
Non-controlling interests		(14,241)	(27,464)
		(201,911)	(423,677)
Loss per share			
	13		
Basic		(3.89 cents)	(9.35 cents)
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
Loss for the period	(201,911)	(423,677)
Other comprehensive income for the period, net of tax		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	10,463	(9,460)
Total comprehensive income for the period	(191,448)	(433,137)
Total comprehensive income for the period attributable to:		
Owners of the Company	(177,315)	(402,706)
Non-controlling interests	(14,133)	(30,431)
	(191,448)	(433,137)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	14	26,260	30,715
Prepaid land lease payments	15	47,561	48,273
Investment properties	16	943,138	686,465
Intangible assets	17	21,644	23,055
Goodwill		67,125	77,838
Deferred tax assets		126,106	123,184
Available-for-sale financial assets		—	—
		1,231,834	989,530
Current assets			
Inventories	18	8,699,775	9,585,820
Accounts receivable	19	382,401	989,216
Prepaid land lease payments	15	1,456	1,456
Prepayments, deposits and other receivables	20	3,684,086	4,485,541
Current tax assets		68,926	115,628
Restricted bank deposits	21	132,481	171,097
Bank and cash balances		5,471,445	3,897,543
		18,440,570	19,246,301

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 30 June 2015

	Note	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Current liabilities			
Accounts payable	22	1,106,083	1,322,537
Proceeds received from pre-sale of properties		1,718,655	2,575,210
Accruals and other payables		402,850	479,247
Amount due to the ultimate holding company		65,893	88,511
Derivative financial liabilities		146,381	112,961
Borrowings	23	5,160,190	2,584,485
Finance lease payables		817	209
Financial guarantee contracts	24	100,326	100,297
Current tax liabilities		1,111,376	971,797
		9,812,571	8,235,254
Net current assets		8,627,999	11,011,047
Total assets less current liabilities		9,859,833	12,000,577

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 30 June 2015

	Note	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Non-current liabilities			
Borrowings	23	4,363,165	6,241,643
Finance lease payables		1,790	294
Deferred tax liabilities		1,841,102	1,913,416
		6,206,057	8,155,353
NET ASSETS			
Capital and reserves			
Share capital	25	481,831	481,831
Reserves		2,727,852	2,905,167
Equity attributable to owners of the Company		3,209,683	3,386,998
Non-controlling interests		444,093	458,226
TOTAL EQUITY		3,653,776	3,845,224

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	(Unaudited)										
	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Reserve on merger accounting HK\$'000	Exchange fluctuation reserve HK\$'000	Contributed surplus HK\$'000	Statutory reserve HK\$'000	Warrant reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000 <i>(Restated)</i>	Total HK\$'000	Non- controlling interests HK\$'000 <i>(Restated)</i>	Total equity HK\$'000
At 1 January 2014	422,412	2,887,938	(101,922)	129,486	239,404	5,611	104,799	(330,358)	3,327,370	404,867	3,732,237
Total comprehensive income for the period	-	-	-	(6,493)	-	-	-	(396,213)	(402,706)	(30,431)	(433,137)
Capital contribution	-	-	-	-	-	-	-	-	-	2	2
Acquisition of subsidiaries	-	(284,580)	-	-	-	-	-	-	(284,580)	447,391	162,811
Disposal of assets and liabilities of disposal groups classified as held for sale	-	-	-	(26,176)	-	-	-	-	(26,176)	-	(26,176)
Issue of shares upon exercise of warrants	1,375	41,155	-	-	-	-	(11,330)	-	31,200	-	31,200
Changes in equity for the period	1,375	(243,425)	-	(32,669)	-	-	(11,330)	(396,213)	(682,262)	416,962	(265,300)
At 30 June 2014	423,787	2,614,513	(101,922)	96,817	239,404	5,611	93,469	(726,571)	2,645,108	821,829	3,466,937
At 1 January 2015	481,831	3,543,224	(101,922)	107,131	239,404	5,611	-	(888,281)	3,396,998	458,226	3,845,224
Total comprehensive income for the period	-	-	-	10,355	-	-	-	(187,670)	(177,315)	(14,133)	(191,448)
Changes in equity for the period	-	-	-	10,355	-	-	-	(187,670)	(177,315)	(14,133)	(191,448)
At 30 June 2015	481,831	3,543,224	(101,922)	117,486	239,404	5,611	-	(1,075,951)	3,209,683	444,093	3,653,776

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	234,273	7,525
Interest received	266,321	—
Compensation received	355,129	—
Purchase of property, plant and equipment	(3,082)	(11,664)
Acquisition of subsidiaries	—	34,384
Net proceeds from disposal of assets and liabilities of disposal groups classified as held for sale	—	696,529
Repayment of loan from a construction contractor	126,764	—
Refund of deposits	900,788	—
Deposits for acquisition of equity interest/land use right	(380,415)	(1,056,590)
Refund of prepayments for acquisition of property development projects/equity interests	253,528	—
Prepayments for acquisition of property development projects/equity interests	(872,597)	(203,497)
Decrease in time deposits with original maturity of more than three months	806,374	—
Other investing cash flows (net)	—	(416)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	1,452,810	(541,254)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Payment for arrangement fee attributable to issue of Senior Notes	(25,212)	—
Bank loans raised	211,630	2,553,318
Repayment of bank loans	(123,120)	(667,953)
Proceeds from issue of Senior Notes	775,447	—
Proceeds from other borrowings	35,771	—
Repayment of other borrowings	(191,414)	(325,039)
Repayment of finance lease payables	(396)	(98)
Issue of shares	—	7,800
NET CASH GENERATED FROM FINANCING ACTIVITIES	682,706	1,568,028
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,369,789	1,034,299
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,074,510	996,960
Effect of foreign exchange rate changes	10,487	(23,271)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,454,786	2,007,988
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	5,471,445	2,007,988
Time deposits with original maturity of more than three months	(1,016,659)	—
	4,454,786	2,007,988

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. GENERAL INFORMATION

The Company was incorporated in Bermuda with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business is Room 5702-5703, 57/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group is principally engaged in property development and sales, property investment and rental, and project management in the People's Republic of China ("PRC").

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed consolidated financial statements are unaudited and should be read in conjunction with the 2014 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2014 except as stated below.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective as of 1 January 2015. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position. The Group shall adopt these new HKFRSs that are relevant to its operations and effective for its accounting year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

4. FAIR VALUE MEASUREMENTS

Except for Senior Notes with carrying amount of approximately HK\$2,858,728,000, the directors consider that the carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position are not materially different from their fair value as at 30 June 2015. The directors estimate the fair value of the Senior Notes as at 30 June 2015 to be approximately HK\$3,010,048,000. The fair value has been calculated by discounting the future cash flows at the market interest rates (level 2 measurement under HKFRS 13).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

4. FAIR VALUE MEASUREMENTS *(continued)*

- (a) Disclosures of level in fair value hierarchy for financial instruments:

	Fair value		Total 2015 HK\$'000 (Unaudited)
	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	
At 30 June 2015			
Description			
Recurring fair value measurements:			
Assets			
Available-for-sale financial assets			
Unlisted equity investment	—	—	—
Liabilities			
Financial liabilities at fair value through profit or loss			
Derivatives – warrants	—	146,381	146,381

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

4. FAIR VALUE MEASUREMENTS *(continued)*

(a) Disclosures of level in fair value hierarchy for financial instruments: *(continued)*

Description	Fair value		Total 2014 HK\$'000 (Audited)
	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	
Recurring fair value measurements:			
Assets			
Available-for-sale financial assets			
Unlisted equity investment	—	—	—
Liabilities			
Financial liabilities at fair value through profit or loss			
Derivatives – warrants	—	112,961	112,961

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

4. FAIR VALUE MEASUREMENTS *(continued)*

(b) Reconciliation of level 3 fair value measurements for financial instruments:

30 June 2015	Derivatives – warrants HK\$'000 (Unaudited)
At 1 January 2015	(112,961)
Recognition of warrants	(64,022)
Total gains or losses recognised in profit or loss ^(#)	30,602
At 30 June 2015	(146,381)
^(#) Include gains or losses for liabilities held at end of reporting period	30,602

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

4. FAIR VALUE MEASUREMENTS *(continued)*

(b) Reconciliation of level 3 fair value measurements for financial instruments: *(continued)*

	Financial assets at fair value through profit or loss — Derivatives HK\$'000 (Unaudited)
30 June 2014	
<hr/>	
At 1 January 2014	38,503
Total gains or losses recognised in profit or loss ^(#)	(36,864)
<hr/>	
At 30 June 2014	1,639
<hr/>	
^(#) Include gains or losses for assets held at end of reporting period	(36,864)
<hr/>	

The total gains or losses recognised in profit or loss are presented in the line item “other gains and losses” on the face of the condensed consolidated statement of profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

4. FAIR VALUE MEASUREMENTS *(continued)*

(c) **Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements for financial instruments as at 30 June 2015:**

A delegated team is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The delegated team reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the delegated team and the Board of Directors at least twice a year.

For level 2 and level 3 fair value measurements, the Group normally engages external valuation experts with recognised professional qualifications and recent experience to perform the valuations.

Level 2 fair value measurements

Description	Valuation techniques	Inputs	Fair value
			At 30 June 2015 HK\$'000 (Unaudited)
Unlisted available-for-sale equity investment	Guideline public company method	Enterprise value/EBITDA	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

4. FAIR VALUE MEASUREMENTS *(continued)*

- (c) **Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements for financial instruments as at 30 June 2015:**
(continued)

Level 2 fair value measurements *(continued)*

For the above valuation, enterprise value/EBITDA was selected as the valuation multiple of guideline public companies. This valuation multiple (being the dominant input) is observable but is not a quoted market price. Accordingly, the valuation of the available-for-sale financial assets is categorised as a level 2 measurement under HKFRS 13 “Fair Value Measurement”.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Fair value at 30 June 2015 HK\$'000 (Unaudited)
Derivatives – warrants	Trinomial tree method	Volatility	22.90% to 34.39%	(146,381)
		Effective interest rate	14.69% to 15.28%	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

4. FAIR VALUE MEASUREMENTS *(continued)*

- (c) **Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements for financial instruments as at 30 June 2015:**
(continued)

Level 3 fair value measurements *(continued)*

Description	Valuation technique	Unobservable inputs	Range	Fair value at 31 December 2014 HK\$'000 (Audited)
Derivatives – warrants	Trinomial tree method	Volatility	32.67% to 42.64%	(112,961)
		Effective interest rate	16.75% to 17.20%	

The fair value of the warrants issued by the Company is determined using trinomial tree method and the significant unobservable inputs used in the fair value measurement are expected volatility and effective interest rate.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

4. FAIR VALUE MEASUREMENTS *(continued)*

(c) **Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements for financial instruments as at 30 June 2015:**
(continued)

The expected volatility is estimated based on historical volatility of comparable companies. The fair value measurement is positively correlated to the expected volatility. As at 30 June 2015, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 5% would have increased/decreased the Group's loss after tax by approximately HK\$2,886,000/HK\$2,038,000 respectively (At 31 December 2014: profit after tax decreased/increased by approximately HK\$2,203,000/HK\$5,358,000 respectively).

The effective interest rate is determined by USD risk-free rate, country risk premium, credit risk premium and liquidity risk premium. The fair value measurement is negatively correlated to the effective interest rate. As at 30 June 2015, it is estimated that with all other variables held constant, an increase/decrease in the effective interest rate by 5% would have decreased/increased the Group's loss after tax by approximately HK\$1,385,000/HK\$1,413,000 respectively (At 31 December 2014: profit after tax increased/decreased by approximately HK\$586,000/HK\$600,000 respectively).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

5. TURNOVER

The principal activities of the Group are property development and sales, property investment and rental, and project management in the PRC.

During the period, the Group's turnover represented income from sales of properties and rental income, net of business tax, other sales related taxes and discounts allowed. The amount of each significant category of revenue recognised in turnover during the period is as follows:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of properties	1,235,745	—
Rental income	26,832	24,400
	1,262,577	24,400

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

6. INVESTMENT AND OTHER INCOME

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Interest income on:		
Bank deposits	53,245	1,193
Deposits/Prepayments for acquisition of equity interest	27,455	—
Loan receivables	3,320	6,054
Total interest income for financial assets that are not at fair value through profit or loss	84,020	7,247
Write back of other payables	127	17
Reversal of provision	—	9,783
Sundry income	644	1,365
	84,791	18,412

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

7. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		<i>(Restated)</i>
Fair value gains on properties held for sale upon transfer to investment properties	35,416	—
Fair value gains on investment properties	1,569	61,215
Net change in fair value of financial assets at fair value through profit or loss	—	(36,864)
Net change in fair value of derivative financial liabilities	30,602	—
Net foreign exchange loss	(6,014)	(13,435)
Impairment loss on goodwill (note)	(10,693)	(365,557)
Loss on disposal of property, plant and equipment	—	(450)
	50,880	(355,091)

Note:

Goodwill decreases along with the sales of the underlying properties and any impairment loss. The recoverable amount of a cash-generating unit is determined based on the higher of the fair value less costs of disposal of the related properties and the value in use estimate.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

8. SEGMENT INFORMATION

	Property sales HK\$'000 (Unaudited)	Property rental HK\$'000 (Unaudited)	Project management HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Six months ended				
30 June 2015:				
Revenue from external customers	1,235,745	26,832	—	1,262,577
Segment (loss)/profit	(67,570)	54,230	—	(13,340)
At 30 June 2015:				
Segment assets	15,201,668	976,795	—	16,178,463
Segment liabilities	12,324,664	223,315	—	12,547,979
Six months ended				
30 June 2014:				
Revenue from external customers	—	24,400	—	24,400
Segment (loss)/profit <i>(Restated)</i>	(505,629)	270,723	—	(234,906)
	Property sales HK\$'000 (Audited)	Property rental HK\$'000 (Audited)	Project management HK\$'000 (Audited)	Total HK\$'000 (Audited)
At 31 December 2014:				
Segment assets	15,418,258	713,923	—	16,132,181
Segment liabilities	13,417,017	192,679	—	13,609,696

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

8. SEGMENT INFORMATION *(continued)*

Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) <i>(Restated)</i>
Profit or loss		
Total profit or loss of reportable segments	(13,340)	(234,906)
Unallocated amounts		
Other corporate expenses	(188,571)	(188,771)
Consolidated loss for the period	(201,911)	(423,677)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

9. FINANCE COSTS

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Finance lease charges	53	15
Interest on bank loans	173,235	118,481
Interest on Senior Notes	225,244	117,494
Interest on other borrowings	165,858	64,293
Total borrowings costs	564,390	300,283
Amount capitalised	(70,459)	(95,517)
	493,931	204,766

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

10. INCOME TAX

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
— PRC Corporate Income Tax ("CIT")	142,455	2,569
— PRC Land Appreciation Tax ("LAT")	47,206	—
	189,661	2,569
Deferred tax		
— CIT	(73,221)	709
— LAT	(2,097)	—
	(75,318)	709
	114,343	3,278

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2014: Nil).

Subsidiaries established in the PRC are subject to CIT at 25% (six months ended 30 June 2014: 25%) based on the relevant income tax rules and regulations in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

10. INCOME TAX *(continued)*

According to the PRC corporate income tax law and the relevant PRC issued implementation regulation, the Group is subject to PRC withholding income tax of 10% on the gross rental income (six months ended 30 June 2014: 10%).

LAT is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditure including lease charges of land use rights, borrowing costs and all property development expenditure.

11. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation	1,411	1,339
Cost of inventories sold	900,357	—
Depreciation	1,327	816
Directors' remuneration	6,805	2,360
Financial advisory fee/ Accounts custodian fee	31,625	37,881
Operating lease charges in respect of land and buildings	5,364	6,209

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

12. DIVIDENDS

The Directors have not recommended any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

13. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK\$187,670,000 (six months ended 30 June 2014: HK\$396,213,000 (*Restated*)) divided by the weighted average number of ordinary shares of 4,818,312,935 (six months ended 30 June 2014: 4,237,203,695) in issue during the period.

(b) Diluted loss per share

Diluted loss per share for the six months ended 30 June 2015 has not been presented as the Company's outstanding warrants had no dilutive effect for the six months ended 30 June 2015 as the exercise prices of those warrants were higher than the average market price for shares.

Diluted loss per share for the six months ended 30 June 2014 has not been presented as the Company's outstanding warrants during the six months ended 30 June 2014 had an anti-dilutive effect on the basic loss per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired property, plant and equipment of approximately HK\$5,582,000, of which approximately HK\$2,500,000 was financed by a finance lease.

During the six months ended 30 June 2015, there was a transfer from construction in progress to properties for sale under development at the carrying amount of approximately HK\$8,692,000 due to change in use.

As at 30 June 2015, the Group's construction in progress were pledged as security for the Group's bank loans (details of which are set out in note 23(b) to the condensed consolidated financial statements).

15. PREPAID LAND LEASE PAYMENTS

As at 30 June 2015, the Group's prepaid land lease payments in relation to land use rights were under medium term leases in Guangzhou, the PRC for hotel buildings.

As at 30 June 2015, the land use rights were pledged as security for the Group's bank loans (details of which are set out in note 23(b) to the condensed consolidated financial statements).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

16. INVESTMENT PROPERTIES

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
At beginning of the period/year	686,465	663,024
Transfer from properties held for sale	218,849	—
Fair value gains upon transfer from properties held for sale	35,416	—
Fair value gains	1,569	25,544
Exchange differences	839	(2,103)
At end of the period/year	943,138	686,465

- (a) As at 30 June 2015, all the Group's investment properties, situated in Guangzhou, the PRC, were held under medium-term leases.

During the six months ended 30 June 2015, certain properties previously included in properties held for sale with an aggregate carrying amount of approximately HK\$218,849,000 (six months ended 30 June 2014: Nil) were transferred to investment properties upon change in use (i.e. commencement of operating lease) as evidenced by signing of relevant tenancy agreements. These properties were re-measured at their respective fair values upon transfer. The differences between the fair values and carrying amounts upon transfer, amounting to approximately HK\$35,416,000, were recognised in profit or loss as "Fair value gains on properties held for sale upon transfer to investment properties" included in "other gains and losses".

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

16. INVESTMENT PROPERTIES *(continued)*

- (b) The Group's investment properties comprise approximately HK\$688,260,000 hotel properties and HK\$254,878,000 office properties. All of the Group's investment properties held under operating leases for rental purposes are measured using the fair value model.

A delegated team is responsible for the fair value measurements of the investment properties level 3 fair value measurements required for financial reporting purposes. The delegated team reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the delegated team and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group normally engages external valuation experts with recognised professional qualifications and recent experience to perform the valuation.

The fair value of the hotel properties as at 30 June 2015 was based on a valuation carried out by A.G. Wilkinson & Associates (Surveyors) Limited, an independent qualified professional valuer not connected with the Group with substantial experience in valuation of properties. The valuation of hotel properties was carried out, on the basis of market value, by comparison method with reference to comparable market transactions, adjusted for a premium or a discount specific to the quality of the investment properties.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

16. INVESTMENT PROPERTIES *(continued)*

(b) *(continued)*

The fair value of the office properties at 1 June 2015, being the date of transfer from properties held for sale, was based on a valuation carried out by Greater China Appraisal Limited, an independent qualified professional valuer not connected with the Group with substantial experience in valuation of properties. The valuation was carried out, on the basis of market value, by investment method based on capitalisation of the net rental income with due allowance for the reversionary income potential. The delegated team and the directors consider that the fair value of the office properties at the date of transfer from properties held for sale are not materially different from their fair value as at 30 June 2015.

(c) As at 30 June 2015, all investment properties were pledged for the Group's bank loans and other borrowings (details of which are set out in note 23(b) and 23(d) to the condensed consolidated financial statements).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

16. INVESTMENT PROPERTIES *(continued)*

- (d) As at 30 June 2015, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Within one year	70,313	54,809
In the second to fifth years inclusive	181,845	160,022
Over five years	3,108	—
	255,266	214,831

17. INTANGIBLE ASSETS

The Group's intangible assets mainly included computer software and favourable terms of certain land use rights under medium term leases in Guangzhou, the PRC on business combination.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

18. INVENTORIES

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Properties for sale under development (note (a))	6,691,918	9,122,964
Properties held for sale	2,007,857	462,856
	8,699,775	9,585,820

(a) Properties for sale under development expected to be recovered:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Within one year	1,062,472	3,436,701
After more than one year	5,629,446	5,686,263
	6,691,918	9,122,964

(b) As at 30 June 2015, certain properties for sale under development and properties held for sale were pledged for the Group's bank loans and other borrowings (details of which are set out in note 23(b) and 23(d) to the condensed consolidated financial statements).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

19. ACCOUNTS RECEIVABLE

The Group's accounts receivable represent receivables from property rental and sales of properties. Rental receivables from tenants are due on presentation of invoices and there are no credit terms for sales of properties unless otherwise specified in the underlying agreements with the purchasers.

The aging analysis of accounts receivable, based on the revenue recognition date, is as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Within 3 months	12,330	987,798
4 to 6 months	368,717	850
7 to 12 months	786	—
Over 1 year	568	568
	382,401	989,216

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Deposit for purchase of properties for sale (note (a))	963,718	—
Deposits for acquisition of equity interests/land use rights (note (b))	793,799	1,307,700
Prepayments for acquisition of property development projects/equity interests (note (c))	1,227,322	608,139
Prepaid construction costs	167,381	292,465
Loans and advances	340,786	1,505,837
Other prepayments, deposits and receivables	188,981	231,872
Interest receivables	2,099	184,399
Compensation receivables	—	355,129
	3,684,086	4,485,541

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Note:

- (a) The deposit was paid for purchase of 50 apartments for sale in the PRC. Details of which are set out in note 29(c)(i) to the condensed consolidated financial statements.
- (b) Included in the deposits is an amount of approximately HK\$380,415,000 paid for the acquisition of 100% equity interest of Favourable Source Limited. Details of which are set out in note 29(c)(ii) to the condensed consolidated financial statements.
- (c) Included in the prepayments is an amount of approximately RMB679,558,000 (equivalent to approximately HK\$859,927,000) prepaid during the period through an authorised agent for the proposed acquisition of a property development project in the PRC. Up to the date of these condensed consolidated financial statements, no definitive agreement has been entered into by the Group.

21. RESTRICTED BANK DEPOSITS

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Guarantee deposits for construction of pre-sale properties	104,996	149,244
Pledged bank deposits (note 23(b))	27,485	21,853
	132,481	171,097

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

22. ACCOUNTS PAYABLE

The Group's accounts payable comprise the following:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Construction fee payable	1,058,792	1,264,701
Land premium and related charge payables	47,291	57,836
	1,106,083	1,322,537

The aging analysis of accounts payable, based on the payment due date, is as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Within 3 months	866,484	1,296,134
4 to 6 months	179,102	9,778
7 to 12 months	55,600	16,437
Over 1 year	4,897	188
	1,106,083	1,322,537

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

23. BORROWINGS

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Bank loans — secured (note (b))	3,393,953	3,294,531
Senior Notes — secured (note (c))	2,858,728	2,112,163
Other borrowings — secured (note (d))	3,270,674	3,419,434
	9,523,355	8,826,128

(a) The bank and other borrowings are repayable as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Non-current	4,363,165	6,241,643
Current	5,160,190	2,584,485
	9,523,355	8,826,128

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

23. BORROWINGS *(continued)*

(b) Bank loans

At 30 June 2015, the bank loans were secured by the following:

- (i) the Group's investment properties with carrying amount of approximately HK\$688,260,000;
- (ii) the Group's land use rights classified under prepaid land lease payments and the construction in progress thereon of approximately HK\$49,017,000 and HK\$17,399,000 respectively;
- (iii) the Group's properties for sale under development and properties held for sale of approximately HK\$4,625,138,000 and HK\$18,711,000 respectively;
- (iv) the Group's pledged bank deposits of approximately HK\$27,485,000;

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

23. BORROWINGS *(continued)*

(b) Bank loans *(continued)*

- (v) charge over the entire issued share capital of the Company's subsidiaries, Diamond Crown Limited, Graceful Link Limited, Speedy Full Limited and Guangzhou Yifa Development Company Limited* ("Guangzhou Yifa");
- (vi) assignment of all rental income from the Group's investment properties with carrying amount of approximately HK\$688,260,000;
- (vii) guarantee executed by the Company's director, Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) and a director of Guangzhou Yifa; and
- (viii) corporate guarantees executed by Guangdong Zhuguang Group Company Limited* ("Guangdong Zhuguang").

Guangdong Zhuguang is considered as a related company of the Group as the ultimate controlling party of the Company, Mr. Liao Tengjia, has significant influence in Guangdong Zhuguang.

* English name is translated for identification purposes only.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

23. BORROWINGS *(continued)*

(c) Senior Notes

Senior Notes 2013

Pursuant to a note purchase agreement dated 22 July 2013 together with certain supplemental agreements thereto, the Company issued secured and guaranteed senior notes in an aggregate principal amount of US\$200 million (the “Senior Notes 2013”) to certain investors in 2013. The Senior Notes 2013, due on 4 August 2016, are interest-bearing at 12.5% per annum.

The Senior Notes 2013 are secured and guaranteed by:

- (i) 1,200 million ordinary shares of the Company owned by Rong De Investments Limited (“Rong De”);
- (ii) 100% equity interest of the Company’s subsidiaries: Top Perfect Development Limited (“Top Perfect”), Ever Crown Corporation Limited (“Ever Crown”), East Orient Investment Limited (“East Orient”) and Fully Wise Investment Limited (“Fully Wise”);
- (iii) corporate guarantees executed by Rong De, Top Perfect, Ever Crown, East Orient, Fully Wise and Zhuguang Group (Hong Kong) Limited; and
- (iv) guarantees executed by the Company’s directors, Mr. Liao Tengjia, Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) and Mr. Chu Muk Chi (alias Mr. Zhu La Yi).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

23. BORROWINGS *(continued)*

(c) Senior Notes *(continued)*

Senior Notes 2014

Pursuant to a Note Purchase Agreement dated 20 June 2014 together with certain supplemental agreements thereto, the Company issued secured and guaranteed senior notes of US\$40 million, US\$60 million, US\$65 million and US\$35 million totalling US\$200 million (the “Senior Notes 2014”) to certain investors on 17 July 2014, 18 July 2014, 8 January 2015 and 13 February 2015 respectively. The Senior Notes 2014, due 36 months after the issue date, are interest-bearing at 11.8% per annum.

The Senior Notes 2014 are secured and guaranteed by:

- (i) 1,280 million ordinary shares of the Company owned by Rong De;
- (ii) 100% equity interest of the Company’s subsidiaries, Polyhero International Limited (“Polyhero”), Ocean Leader Investments Limited (“Ocean Leader”) and Top Asset Development Limited (“Top Asset”);
- (iii) corporate guarantees executed by Rong De, and the Company’s subsidiaries, Polyhero, Ocean Leader, Top Asset and South Trend Holdings Limited;

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

23. BORROWINGS *(continued)*

(c) Senior Notes *(continued)*

Senior Notes 2014 *(continued)*

- (iv) corporate guarantee executed by Sino Mark Investments Limited, which is a related party of the Company as it is beneficially owned and controlled by the director of the Company, Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi); and
- (v) guarantees executed by the Company's directors, Mr. Liao Tengjia, Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) and Mr. Chu Muk Chi (alias Mr. Zhu La Yi).

(d) Other borrowings

Other borrowings are secured and guaranteed by:

- (i) the Group's investment properties with carrying amount of approximately HK\$254,878,000;
- (ii) the Group's properties for sale under development and properties held for sale of approximately HK\$110,705,000 and HK\$1,504,492,000 respectively;

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

23. BORROWINGS *(continued)*

(d) Other borrowings *(continued)*

- (iii) the entire equity interest of the Company's subsidiaries, Guangdong Hailian Building Co., Limited and Guangzhou City Runqi Property Company Limited*;
- (iv) charge over the assets provided by Guangdong Feng Shun Lu Hu Hot Spring Resort Company Limited* ("Feng Shun Lu Hu"), the registered capital of Feng Shun Lu Hu was owned, as to 80% by Guangdong Zhuguang and as to 20% owned by Guangdong New Southern Group Company Limited* ("Guangdong New Southern");
- (v) corporate guarantees executed by related companies — Guangdong Zhuguang, Guangzhou Zhuguang Property Development Company Limited* ("Guangzhou Zhuguang Property"), Beijing Zhuguang Property Development Company Limited* ("Beijing Zhuguang Property") and Guangzhou Zhuguang Investment Company Limited* ("Guangzhou Zhuguang Investment") and an independent third party;
- (vi) corporate guarantee executed by the Company's subsidiary, Guangzhou City Runfa Property Company Limited*; and
- (vii) guarantee executed by the Company's director, Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi);

* English name is translated for identification purposes only.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

23. BORROWINGS *(continued)*

(d) Other borrowings *(continued)*

Feng Shun Lu Hu is considered as a related company of the Group as the ultimate controlling party of the Company, Mr. Liao Tengjia, has significant influence over Guangdong Zhuguang and Feng Shun Lu Hu. In addition, the Company's director, Mr. Chu Muk Chi (alias Mr. Zhu La Yi) has control over Guangdong New Southern.

Guangdong Zhuguang, Guangzhou Zhuguang Property, Beijing Zhuguang Property, and Guangzhou Zhuguang Investment are considered as related companies of the Group as the ultimate controlling party of the Company, Mr. Liao Tengjia, has significant influence in Guangdong Zhuguang, Guangzhou Zhuguang Property, Beijing Zhuguang Property, and Guangzhou Zhuguang Investment.

Guangdong New Southern is considered as a related party of the Group as it is beneficially owned and controlled by the director of the Company, Mr. Chu Muk Chi (alias Mr. Zhu La Yi).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

24. FINANCIAL GUARANTEE CONTRACTS

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
At beginning of the period/year	100,297	—
Fair value adjustment on business combination	—	100,489
Amortisation	—	(656)
Exchange differences	29	464
At end of the period/year	100,326	100,297

In 2014, a financial guarantee contract obligation of approximately HK\$100,489,000 arising on a business combination was recognised, in relation to the guarantee provided by the Company's subsidiary, Guangzhou Yifa, to a bank for a loan facility of RMB300,000,000 granted to Guangzhou Yifa's investee company, Guangdong Province Huashui Shui Li Investment Company Limited* ("Guangdong Huashui"), as the Group has a present obligation arising from the guarantee provided. The financial guarantee contract recognised in the business combination is initially measured at the acquisition-date fair value, based on the valuation from an independent qualified professional valuer and approved by the directors, less cumulative amortisation. The expected loss method was adopted in determining the fair value of the financial guarantee contract based on certain key assumptions on credit strength of Guangdong Huashui, default probability and expected recovery rate.

* English name is translated for identification purposes only.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

25. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Authorised:				
Ordinary shares of HK\$0.10 each	6,000,000,000	6,000,000,000	600,000	600,000
Issued and fully paid:				
Ordinary shares of HK\$0.10 each				
At beginning of the period/year	4,818,312,935	4,224,118,458	481,831	422,412
Issue of shares upon exercise of warrants	—	13,749,944	—	1,375
Issue of shares	—	580,444,533	—	58,044
At end of the period/year	4,818,312,935	4,818,312,935	481,831	481,831

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

26. CONTINGENT LIABILITIES

- (a) The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Guarantees given to banks for mortgage facilities utilised by purchasers	1,147,923	1,019,554

Pursuant to the terms of the guarantees, if there are any defaults on the mortgages, the Group is responsible to repay the outstanding mortgage principals together with accrued interests and penalties owed by the defaulting purchasers to the banks. The Group is then entitled to take over the legal title and possession of the related properties. The guarantees will be released upon issuance of the purchasers' property ownership certificates and completion of the relevant registration of the mortgaged properties.

At the reporting date, the directors do not consider it probable that a claim will be made against the Group under the above guarantees.

The fair value of the guarantees at date of inception is not material and is not recognised.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

26. CONTINGENT LIABILITIES *(continued)*

(b)	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Guarantee given to a bank in respect of bank facilities granted to Guangdong Huashui	380,415	380,292

As at 30 June 2015, the banking facilities granted to Guangdong Huashui were utilised to the extent of approximately HK\$337,187,000.

As at 30 June 2015, approximately HK\$100,326,000 was recognised in the condensed consolidated statement of financial position as liabilities (note 24).

- (c) As at 30 June 2015, the Group has provided guarantee and pledged certain of its properties for sale under development with carrying amount of approximately HK\$259,828,000 to a financial institution regarding a loan and the interest thereon totalling RMB125,000,000 (equivalent to approximately HK\$158,506,000) granted to a previous owner of the Company's subsidiary, Xianghe County Yijing Property Development Company Limited* ("Xianghe Yijing"). The guarantee and the charged assets will be released, in accordance with the terms of the guarantee contract, up to a maximum of two years after the full repayment of the loan and interest thereon.

* English name is translated for identification purposes only.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

26. CONTINGENT LIABILITIES *(continued)*

(c) *(continued)*

As at 30 June 2015, the directors do not consider it probable that a claim will be made against the Group under the above guarantee. The directors believe that all the outstanding amounts will be settled by the previous owner of Xianghe Yijing. In addition, the Group also owed approximately HK\$126,805,000 to the previous owner of Xianghe Yijing as at 30 June 2015. If there were any default payment of loan by the previous owner of Xianghe Yijing, the Group would be responsible to repay the outstanding loan principal together with accrued interest and penalty owed by the previous owner of Xianghe Yijing to the financial institution. The directors indicated that, in the event of default payment by the previous owner of Xianghe Yijing, the Group would then withhold the repayment of its loan due to previous owner of Xianghe Yijing.

The fair value of the guarantee at date of inception is not material and is not recognised.

* English name is translated for identification purposes only.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

27. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Contracted but not provided for Property, plant and equipment	3,855	6,510

28. LEASE COMMITMENTS

At 30 June 2015, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Within one year	6,349	11,917
In the second to fifth years inclusive	2,857	10,583
After five years	66	80
	9,272	22,580

Operating lease payments represent rentals payable by the Group for Hong Kong and PRC premises.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

29. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions and balances with its related parties:

(a) Transactions with related parties

During the period, the Group's principal place of business in the PRC was provided by Guangdong Zhuguang for which no charge was made.

During the period, the Group received interest income of approximately HK\$11,033,000 and HK\$7,367,000 from Guangdong Zhuguang and Sanya Zhuguang Investment Company Limited*("Sanya Zhuguang") respectively (six months ended 30 June 2014: Nil).

(b) Key management personnel compensation

The key management personnel of the Group comprises all directors; details of their emoluments were disclosed in note 11 to the condensed consolidated financial statements.

* English name is translated for identification purposes only.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

29. RELATED PARTY TRANSACTIONS *(continued)*

- (c) Included in prepayments, deposits and other receivables:
- (i) On 17 December 2014, the Group entered into 50 preliminary sale and purchase agreements with a project company established in the PRC (the “Project Company”) to purchase 50 apartments (the “Apartments”) at a total consideration of RMB1,106,820,000. The Apartments were constructed under a property development project on a parcel of land at the former Guangzhzhou south railway station, Huangsha Avenue, Li Wan District, Guangzhzhou City, the PRC, jointly developed by Guangzhzhou Zhuguang Investment and its business partner. Guangzhzhou Zhuguang Investment is a wholly-owned subsidiary of Guangdong Zhuguang. Prior to the said 50 preliminary sale and purchase agreements were entered, the Company’s director, Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) had already acquired from Guangzhzhou Zhuguang Investment the right attributable to the Apartments and the income derived therefrom, pursuant to which Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) is entitled to the sale proceeds of the Apartments if he requests the Project Company to sell the Apartments for him.

During the period, RMB760,000,000 (equivalent to approximately HK\$963,718,000) deposit was paid for purchase of properties for sale.

- (ii) Included in the deposits for acquisition of equity interests/land use rights is an amount of approximately HK\$380,415,000 (At 31 December 2014: Nil) paid to an intended vendor for the acquisition of 100% equity interest of Favourable Source Limited, which is in the process of acquiring a property development project held by Guangdong Zhuguang.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

29. RELATED PARTY TRANSACTIONS *(continued)*

- (c) Included in prepayments, deposits and other receivables: *(continued)*
- (iii) Included in prepayments for acquisition of property development projects/equity interests is a sum of approximately HK\$354,726,000 (At 31 December 2014: HK\$608,139,000) prepaid through an authorised agent for the acquisition of certain property development projects/equity interests held by Guangdong Zhuguang or its subsidiary. Guangdong Zhuguang has undertaken to the Group to guarantee the due performance of its subsidiary with respect to its obligations under certain memorandum of understanding and/or agreement entered into with the Group's authorised agent.

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
(iv) Deposits for acquisition of equity interests/land use rights:		
— Guangdong Zhuguang	—	380,292
— Sanya Zhuguang	—	253,528
(v) Interest receivables:		
— Guangdong Zhuguang	—	57,044,000
— Sanya Zhuguang	—	31,002,000
(vi) Compensation receivables		
— Guangdong Zhuguang	—	152,117,000
— Sanya Zhuguang	—	101,411,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

29. RELATED PARTY TRANSACTIONS *(continued)*

(d) Included in accruals and other payables:

Name of related party	Nature of balances	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Directors	Accrued directors' emoluments included in accruals [#]	1,967	1,560
Guangdong Zhuguang	Other payables ~	153,146	3,907
Guangzhou Zhuguang Property	Other payables ~	1,853	1,852
Guangzhou Zhuguang Bay Property Company Limited* ("Guangzhou Zhuguang Bay Property")	Other payables ~	1,639	1,639

[#] The accrued directors' emoluments are unsecured, interest-free and are settled in cash.

~ The above amounts due are interest-free, unsecured and have no fixed terms of repayment.

* English name is translated for identification purposes only.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2015

29. RELATED PARTY TRANSACTIONS *(continued)*

- (e) Included in proceeds received from pre-sale of properties is a sum of approximately HK\$3,043,000 (At 31 December 2014: HK\$3,042,000) received from a director of the Company, Mr. Huang Jiajue, for pre-sale of two properties.

30. COMPARATIVE FIGURES

- (a) In the prior period, goodwill arising on the acquisition of 50% issued capital of Joygain Holdings Limited (“Joygain”) and the non-controlling interest in Joygain were measured on a provisional basis as the nature and fair value of the identifiable assets and liabilities acquired could be determined on a provisional value only. The provisional amounts had been adjusted upon the completion of initial accounting year ended 31 December 2014. As such, impairment loss on goodwill arising on the acquisition of Joygain (included in “other gains and losses”), the non-controlling interest in Joygain and the related disclosures under segment information and basic loss per share have been adjusted accordingly.
- (b) Certain comparative figures have been reclassified to conform to the current period’s presentation. The change included grouping of certain gains and losses in profit or loss under “other gains and losses” line item.

31. APPROVAL OF FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 August 2015.

OTHER INFORMATION

INTERIM DIVIDEND

The Directors have resolved not to declare the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

SIGNIFICANT EVENTS AND TRANSACTIONS

During the period, the Group has entered into the following transactions:

- (i) Refer to the Company's announcement dated 17 December 2014 and 15 June 2015 and the Company's circular dated 5 March 2015, the Group intended to purchase 50 apartments located in former Guangzhou south railway station, Huangsha Avenue, Li Wan District, Guangzhou City, the PRC ("Apartments"). According to the latest payment term, the Group should pay 90% of the total consideration amounting to RMB996,138,000 (equivalent to HK\$1,263,153,000) on or before 31 October 2015. Up to the reporting date, RMB760,000,000 (equivalent to approximately HK\$963,718,000) advance payments were paid for the purchase of the Apartments (included in prepayments, deposits and other receivables).
- (ii) A deposit of approximately HK\$380,415,000 was paid to an intended vendor for the acquisition of 100% equity interest of Favourable Source Limited, which is in the process of acquiring a property development project. This deposit for acquisition of equity interests/land use rights was included in prepayments, deposits and other receivables.
- (iii) Approximately RMB679,558,000 (equivalent to approximately HK\$859,927,000) was prepaid through an authorised agent for the proposed acquisition of a property development project in the PRC. Up to the date of these condensed consolidated financial statements, no definitive agreement has been entered into by the Group. This deposit for acquisition of equity interests/land use rights was included in prepayments, deposits and other receivables.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2015, the interests and short positions of the directors or chief executives of the Company in the shares and underlying shares (as the case may be) of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive is taken or deemed to have under such provisions of the SFO) or which was required to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 of the Listing Rules:

(i) Interest and short position in shares

Name of director of the Company	Nature of interest	Total number of shares	Approximate percentage of total issued shares
Mr. Liao Tengjia	Interest of a controlled corporation	3,118,680,533 (L)	64.73% (L)
		104,000,000 (S)	2.15% (S)
Mr. Chu Hing Tsung	Interest of a controlled corporation	3,118,680,533 (L)	64.73% (L)
		104,000,000 (S)	2.15% (S)

(L) Long position

(S) Short position

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES *(continued)*

(i) Interest and short position in shares *(continued)*

Note: Rong De Investments Limited ("Rong De") is legally and beneficially owned as to 36.00% by Mr. Liao Tengjia and as to 34.06% by Mr. Chu Hing Tsung. Mr. Liao Tengjia and Mr. Chu Hing Tsung are deemed to be interested in the 3,118,680,533 shares beneficially owned by Rong De under the SFO. To the best knowledge of the Directors, among the shares held by Rong De, (i) 923,000,000 shares and 2,480,000,000 shares have been pledged by Rong De to 中國華融資產管理股份有限公司(廣東省)分公司(「中國華融」), and The Bank of New York Mellon, Hong Kong Branch ("BNY HK") respectively; and (ii) pursuant to the stock borrowing agreement entered into between Rong De and investors of the senior secured guaranteed note 2013 ("2013 Note Investors"), the 2013 Note Investors have the right to borrow 104,000,000 shares in aggregate from Rong De.

(ii) Interest in shares of the Company's associated corporation

Name of director of the Company	Name of associated corporation	Nature of interest	Total number of shares	Approximate percentage of total issued share capital of the associated corporation
Mr. Liao Tengjia	Rong De	Beneficial owner	71,992	36.00%
Mr. Chu Hing Tsung	Rong De	Beneficial owner	68,120	34.06%
Mr. Chu Muk Chi	Rong De	Beneficial owner	59,888	29.94%

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in notes 20 and 29 to the condensed consolidated financial statements, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a director had a material interest subsisted, either directly or indirectly at any time during the period.

COMPETING INTERESTS

Pursuant to Rule 8.10 of the Listing Rules, during the period and as at 30 June 2015, Mr. Liao Tengjia and Mr. Huang Jiajue, the executive directors of the Company, were interested as directors in companies that are engaged in the businesses of property development, investment and property rental in the PRC (the "Competing Businesses"). As such, they were regarded as being interested in such Competing Businesses, which competed or might compete with the Group. However, as the above directors cannot control the Board, and a director who has material interest in a subject matter to be resolved will abstain from voting in the Board meeting concerned, the interests of the above directors in the Competing Businesses will not prejudice their capacity as director nor compromise the interests of the Group and the shareholders.

Other than as disclosed above, none of the directors or any of their respective associates of the Company were interested in any business apart from the Company's business, which competed or was likely to compete, either directly or indirectly, with the Company's business.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2015, as far as the directors were aware, the following persons (other than the directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Part XV of the SFO and required to be recorded in the register required to be kept under Section 336 of the SFO as follows:

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of interest (Note 12)	Number of underlying Shares	Approximate percentage of interest (Note 12)
Rong De (Note 1)	Beneficial owner	3,118,680,533 (L)	64.73%	—	—
		104,000,000 (S)	2.15%	—	—
中國華融資產管理股份有限公司(廣東省)分公司("中國華融") (Note 1)	Security interest	923,000,000 (L)	19.16%	—	—
Central Huijin Investment Limited ("Central Huijin") (Notes 2, 3, 4)	Interest of a controlled corporation	36,400,000 (L)	0.76%	88,117,498 (L)	1.83%
		36,400,000 (S)	0.76%	61,874,753 (S)	1.28%
	Security interest	2,480,000,000 (L)	51.47%	—	—
	Other	20,800,000 (L)	0.43%	—	—
20,800,000 (S)		0.43%	—	—	

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES *(continued)*

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of interest (Note 12)	Number of underlying Shares	Approximate percentage of interest (Note 12)
Agricultural Bank of China Limited ("ABCL") (Note 2)	Interest of a controlled corporation	1,215,600,000 (L)	25.23%	20,624,917 (L)	0.43%
		15,600,000 (S)	0.32%	20,624,917 (S)	0.43%
Ministry of Finance of the People's Republic of China ("MOF") (Note 2)	Interest of a controlled corporation	1,215,600,000 (L)	25.23%	20,624,917 (L)	0.43%
		15,600,000 (S)	0.32%	20,624,917 (S)	0.43%
China Construction Bank Corporation ("CCB") (Note 3)	Security interest	1,280,000,000 (L)	26.57%	—	—
	Interest of a controlled corporation	—	—	39,992,691 (L)	0.83%
		—	—	13,749,946 (S)	0.29%
	Other	20,800,000 (L)	0.43%	—	—
		20,800,000 (S)	0.43%	—	—

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES *(continued)*

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of interest (Note 12)	Number of underlying Shares	Approximate percentage of interest (Note 12)
ICBC International Holdings Limited ("ICBCIH") (Note 4)	Interest of a controlled corporation	1,248,299,890 (L)	25.91%	—	—
		48,299,890 (S)	1.00%	—	—
The Bank of New York Mellon Corporation ("BNY") (Note 5)	Security interest	2,480,000,000 (L)	51.47%	—	—
China Orient Asset Management Corporation ("COAM") (Note 6)	Interest of a controlled corporation	22,962,402 (L)	0.48%	22,962,402 (L)	0.48%
		57,780,000 (S)	1.20%	57,780,000 (S)	1.20%
	Security interest	1,335,280,000 (L)	27.71%	—	—
Cheung Fong Wing (Note 7)	Interest of a controlled corporation	418,500,000 (L)	8.69%	—	—

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES *(continued)*

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of interest (Note 12)	Number of underlying Shares	Approximate percentage of interest (Note 12)
Quan Xing Holdings Limited ("Quan Xing") (Note 7)	Beneficial owner	418,500,000 (L)	8.69%	—	—
China Great Wall Asset Management Corporation ("CGWAMC") (Note 8)	Interest of a controlled corporation	1,200,000,000 (L)	24.90%	—	—
China National Travel Service (HK) Group Corporation ("CNTSGC") (Note 9)	Interest of a controlled corporation	1,010,000,000 (L)	20.96%	26,242,744 (L)	0.54%
China Cinda Asset Management Co., Limited ("CCAM") (Note 10)	Interest of a controlled corporation	1,010,000,000 (L)	20.96%	9,841,030	0.20%
Huarong (HK) International Holdings Limited ("HHKZH") (Note 11)	Interest of a controlled corporation	2,210,000,000 (L) 36,224,917 (S)	45.87% 0.75%	36,224,917 (L) 20,629,917 (S)	0.75% 0.43%

(L) Long position

(S) Short position

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES *(continued)*

Notes:

1. Among the 3,118,680,533 Shares held by Rong De as stated under "Directors' interests — Long position in the Shares", (i) 923,000,000 Shares, and 2,480,000,000 Shares have been pledged by Rong De to 中國華融 and BNY HK respectively and (ii) pursuant to the stock borrowing agreement entered into between Rong De and 2013 Note Investors, the 2013 Note Investors have the right to borrow 104,000,000 Shares in aggregate from Rong De.
2. According to the disclosure of interest notice filed by ABCL on 31 December 2014, Silver Bloom Investments Limited ("Silver Bloom") held direct interest in the Shares and underlying Shares. Silver Bloom is a wholly-owned subsidiary of ABCI Investment Management Limited ("ABCIIM"). ABCIIM is a wholly-owned subsidiary of ABC International Holdings Limited ("ABCIH"). ABCIH is a wholly-owned subsidiary of ABCL. According to the disclosure of interest notices filed by Central Huijin on 12 February 2015 and MOF on 31 December 2014, ABCL is in turn owned as to 40.28% by Central Huijin and as to 39.21% by MOF. Accordingly, ABCIIM, ABCIH, ABCL, Central Huijin and MOF are deemed to be interested in the Shares and underlying Shares held by Silver Bloom by virtue of the provisions of the SFO.
3. According to the disclosure of interest notice filed by CCB on 26 January 2015, Design Time Limited held direct interest in the Shares and underlying Shares, and is a wholly-owned subsidiary of CCBI Investments Limited ("CCBII"). CCBII is a wholly-owned subsidiary of CCB International (Holdings) Limited ("CCBIH"). CCBIH is a wholly-owned subsidiary of CCB Financial Holdings Limited ("CCBFH"). CCBFH is a wholly-owned subsidiary of CCB International Group Holdings Limited ("CCBIG"). CCBIG is a wholly-owned subsidiary of CCB. According to the disclosure of interest notice filed by Central Huijin on 12 February 2015, CCB is owned as to 57.26% by Central Huijin. Accordingly, CCBII, CCBIH, CCBFH, CCBIG, CCB and Central Huijin are deemed to be interested in the Shares and underlying Shares held by Design Time Limited by virtue of the provisions of the SFO.
4. According to the disclosure of interest notice filed by ICBCIH on 23 April 2015, Fine Process Limited held direct interest in the Shares and underlying Shares and is a wholly-owned subsidiary of ICBC International Investment Management Limited ("ICBCIIM"). ICBCIIM is a wholly-owned subsidiary of ICBCIH. ICBCIH is a wholly-owned subsidiary of Industrial and Commercial Bank of China Limited ("ICBC"). According to the disclosure of interest notice filed by Central Huijin on 12 February 2015, ICBC is owned as to 35.33% by Central Huijin. Accordingly, ICBCIIM, ICBCIH, ICBC and Central Huijin are deemed to be interested in the Shares held by Fine Process Limited by virtue of the provisions of the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES *(continued)*

Notes: *(continued)*

5. According to the disclosure of interest notice filed by BNY on 12 February 2015, BNY HK held direct interest in the Shares and is wholly-owned by BNY.
6. According to the disclosure of interest notice filed by COAM on 17 February 2015, Blooming Rose Enterprises Corp. ("Blooming") held direct interest in 1,335,280,000 Shares and is a wholly-owned subsidiary of China Orient Asset Management (International) Holding Limited ("COAM International"). China Orient Multi-Strategy Master Fund ("COMS") held indirect interest in 22,962,402 Shares and short position in 57,780,000 underlying Shares and is a wholly-owned subsidiary of China Orient International Fund Management Limited ("COIFM"). COIFM is a wholly-owned subsidiary of COAM International, which is held as to 50% by Wise Leader Assets Limited ("Wise Leader") and 50% by Dong Yin Development (Holdings) Limited ("Dong Yin"). Wise Leader is held as to 100% by Dong Yin and Dong Yin is a wholly-owned subsidiary of COAM. Accordingly, COAM International, Wise Leader, Dong Yin and COAM are deemed to be interested in the Shares and underlying Shares held by Blooming and COMS by virtue of the provisions of the SFO.
7. Quan Xing was the beneficial owner of these Shares, which is wholly-owned by Mr. Cheung Fong Wing. Accordingly, Mr. Cheung Fong Wing is deemed to be interested in the Shares held by Quan Xing by virtue of the provisions of the SFO.
8. According to the disclosure of interest notice filed by CGWAMC on 17 July 2014, Evergreat Prosper Limited held direct interest in the Shares and is a wholly-owned subsidiary of Great Wall Pan Asia International Investment Company Limited ("GWPAIICL"). GWPAIICL is a wholly-owned subsidiary of CGWAMC. Accordingly, CGWAMC and GWPAIICL are deemed to be interested in the Shares held by Evergreat Prosper Limited by virtue of the provisions of the SFO.
9. According to the disclosure of interest notice filed by CNTSGC on 9 January 2015, Wise Sharp Investments Limited held direct interest in the Shares and underlying Shares and is a wholly-owned subsidiary of China Travel Financial Holdings Co., Ltd ("CTFHCL"). CTFHCL is a 99.99% owned subsidiary of China Travel Service (Holdings) Hong Kong Limited ("CTSHKL"). CTSHKL is a wholly-owned subsidiary of CNTSGC. Accordingly, CNTSGC, CTSHKL and CTFHCL are deemed to be interested in the Shares and underlying Shares held by Wise Sharp Investments Limited by virtue of the provisions of the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES *(continued)*

Notes: *(continued)*

10. According to the disclosure of interest notice filed by CCAM on 13 January 2015, Finic Resources Limited held direct interest in the Shares and is a wholly owned subsidiary of China Cinda (HK) Asset Management Co., Limited ("CCHKAM"). CCHKAM is a wholly owned subsidiary of China Cinda (HK) Holdings Company Limited ("CCHKH"). CCHKH is a wholly owned subsidiary of CCAM. Accordingly, CCHKH, CCHKAM and CCAM are deemed to be interested in the Shares held by Finic Resources Limited by virtue of the provisions of the SFO.
11. According to the disclosure of interest notice filed by HHKIH on 9 January 2015, Ace City Ventures Limited held direct interest in the Shares and is a wholly owned subsidiary of HHKIH. Accordingly, HHKIH is deemed to be interested in the Shares held by Ace City Ventures Limited by virtue of the provisions of the SFO.
12. The total number of the issued Shares as at 30 June 2015 (that was, 4,818,312,935 Shares) had been used for the calculation of the approximate percentage.

Save as disclosed in this circular, so far as is known to the Directors, there is no other person who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, had a direct or indirect interests amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

Mr. Liao Tengjia is the sole director of Rong De.

PURCHASE, SALES OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the period under review.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the applicable code provisions set out in the Corporate Governance Code (“CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the six months period ended 30 June 2015, other than code provisions A.2.1, A.4.2 and E.1.2, of the CG Code.

Code provision A.2.1 of the Corporate Governance Code (Appendix 14 of the Listing Rules) stipulates that the roles of chairman and chief executive officer (“CEO”) should be separate and should not be the same individual. As a result of the appointment of Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) (“Mr. Chu”) as the chairman of the Board on 12 December 2013, Mr. Chu will assume the roles of both chairman of the Board and the CEO of the Company which is non-compliance with the CG Code. With effect from 21 August 2015, Mr. Chu was resigned as the CEO and Mr. Liao Tengjia was appointed as the CEO, the roles of chairman and chief executive are separate and not performed by the same individual and the Company is in compliance with the requirement under A.2.1 of the CG Code contained in Appendix 14 of the Listing Rules.

Under code provision A.4.2 of the CG Code, every director should be subject to retirement by rotation at least once every three years. According to the Bye-laws of the Company, the chairman of the Board of the Company shall not be subject to retirement by rotation or taken into account in determining the number of directors to retire. As continuation is a key factor to the successful long term implementation of business plans, the Board believes that the roles of the chairman provide the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategy. As such, the Board is of the view that the chairman of the Board should not be subject to retirement by rotation.

CORPORATE GOVERNANCE *(continued)*

Code provision E.1.2 of the CG Code requires that the chairman of the Board should attend the annual general meeting (“AGM”). Mr. Chu, the chairman of the Board, did not attend the 2015 AGM due to his prior engagement.

Pursuant to rules 3.10(1) and 3.21 of the Listing Rule, the Company must include at least three independent non-executive Directors; and the audit committee must comprise a minimum of three members. Following the resignation of Mr. Law Shu Sang Joseph with effect from 18 May 2015, the Company constitutes non-compliance of Rule 3.10(1) and Rule 3.21 of the Listing Rules until the appointment of Dr. Feng Ke as independent non-executive Director and member of audit committee with effect from 17 June 2015. Following the appointment of Dr. Feng Ke as an independent non-executive Director and a member of the audit committee, the members of independent non-executive Directors and the members of the audit committee are in compliance with the requirements under Rule 3.10(1) and 3.21 of the Listing Rules respectively.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors (the “Model Code”) as contained in Appendix 10 of the Listing Rules. Special enquiry has been made to all directors, and all directors have confirmed that they have complied with the required standards set out in the Model Code for the period ended 30 June 2015.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors of the Company. The audit committee has reviewed with management, the accounting principles and practices adopted by the Group and discussed with the management regarding auditing, internal controls and financial reporting matters, including a review of the unaudited condensed consolidated financial statements for the six months ended 30 June 2015, which is of opinion that such statements comply with the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim report of the Company containing all the information required by the Listing Rules will be published on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.zhuguang.com.hk in due course.

APPRECIATION

On behalf of the Board, I would like to express our gratitude and appreciation to the shareholders for their support and the employees for their contribution to the Group throughout the period.

On behalf of the Board
Zhuguang Holdings Group Company Limited
Chu Hing Tsung
Chairman

Hong Kong, 28 August 2015