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## DIRECTORS

### **Executive directors**

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

### **Non-executive director**

Mr. Wong Yat Fai

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

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

## AUDIT COMMITTEE

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

## NOMINATION COMMITTEE

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

## REMUNERATION COMMITTEE

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

## AUTHORISED REPRESENTATIVES

Dr. Lam How Mun Peter  
Mr. Leung Chun Cheong

## COMPANY SECRETARY

Ms. Cheung Fung Yee

## WEBSITE

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## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Wanchai, Hong Kong

## BRANCH OFFICE

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28 Marble Road  
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## INDEPENDENT AUDITORS

Ernst & Young  
*Certified Public Accountants*

## LEGAL ADVISORS

**Hong Kong**  
Cheung, Tong & Rosa

### **Bermuda**

Conyers Dill & Pearman

## SHARE REGISTRARS AND TRANSFER OFFICES

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

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HMO8, Bermuda

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

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

## PRINCIPAL BANKERS

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

# Management Discussion and Analysis

On behalf of the Board of Directors (the “Directors” or the “Board”) of C C Land Holdings Limited (the “Company”), I am pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2015.

## BUSINESS REVIEW

After a decade of fast growth in the property sector in the PRC spurred by the country’s spiralling gross domestic product (“GDP”) growth, the real estate market sentiments went cold for more than a year, due to external economic factors and the slowing down of PRC’s GDP growth. The PRC recorded a six-year low GDP growth of 7% in the first half of 2015. The central bank’s recent rates cuts, combined with relaxation in the restrictive policy on the property market, succeeded to stimulate market sentiments and attracted more potential buyers into the market. There are signs of stabilization in the property market. However, it is believed unless there is further relaxation of the cooling measures from the government, the current market sentiments can, at best, be lukewarm.

The Group continued to adopt a prudent and cautious investment strategy. Inventory reduction is considered to be necessary to meet the changing market conditions. In June 2015, the management seized a market opportunity available to the Group to dispose of its entire 92% interest in Starhigh International Limited (“Starhigh”) which, through Chongqing Zhong Yu Property Development Company Limited (“CQZY”), holds a property portfolio with a gross floor area (“GFA”) of approximately 3.4 million sqm in the Yubei and other districts in Chongqing and Yunnan (“CQZY Projects”) at market price. The disposal offered the Group the opportunity for a one-off, accelerated realization of a significant portion of its property inventory, thereby avoiding the uncertainties arising from the effects of severe market competition coming from other developers with excessive inventory build-up. The disposal enabled the value of CQZY to be realized and unlocked substantial value for shareholders. The cash proceeds from the transaction amounted to approximately HK\$7.0 billion (RMB5.5 billion), and is a substantial cash resource for future business opportunities for the Group. The transaction was completed before the report date, and provided a profit after tax of approximately HK\$295.5 million.

Following the completion of the disposal of Starhigh, in July 2015, the Group has also entered into an agreement to dispose of all its entire interest in Joyview Group Limited (“Joyview”) which, through its 51% indirect beneficial interest in Chengdu Guojia Cheer Gain Property Company Limited, holds most of the Group’s Chengdu projects (“CDGJ Projects”) at a total consideration of approximately HK\$2.7 billion (RMB2.1 billion), thereby recording an after tax gain on disposal of HK\$820.9 million. The CDGJ Projects comprising of 7 projects which were under different stages of development, with a GFA of 1.9 million sqm, comprising of residential, commercial, office and car parks.

The Directors believed that after the above two disposals, the Group can improve its capital utilization and increase its liquidity which will enhance its future development potential. With a streamlined operation and a healthy inventory of property holdings, the Group will be able to continue its policy of selective price adjustments of its inventory to maximize the Group’s future gains.

For the first half of 2015, the Group recorded a revenue of HK\$4,100.0 million, a decrease of 14.4% compared to HK\$4,787.0 million in the first half of 2014. The net profit was HK\$767.8 million, representing a decrease of 16.2% compared to HK\$916.2 million during the same period in 2014. The booked GFA was 458,600 sqm, a decrease of 13.8% from the same period last year. The decrease in net profit was attributable to the recording of a non-recurring gain in last year’s corresponding period through the disposal of the Zhaomu Mountain project which yielded a profit after tax of HK\$431.2 million.

The profit attributable to shareholders for the period amounted to HK\$587.7 million (six months ended 30 June 2014: HK\$812.1 million), representing a decrease of 27.6%. The basic earnings per share for the period were HK22.70 cents (six months ended 30 June 2014: HK31.38 cents).

## Recognized Revenue

During the six months ended 30 June 2015, the property sales revenue was HK\$3,858.6 million (RMB3,047.8 million) (six months ended 30 June 2014: HK\$4,780.3 million (RMB3,786.9 million)) against a total booked GFA sales of 458,600 sqm (six months ended 30 June 2014: 531,900 sqm). The revenue from property sales and booked GFA represented a decrease of 19.3% and 13.8% respectively from those of the corresponding period of 2014. The recognized revenue mainly came from 6 projects in Chongqing, 3 projects in Chengdu and 1 project in Guiyang. The average selling price (“ASP”) of recognized sales was RMB6,650 per sqm (six months ended 30 June 2014: RMB7,120 per sqm), representing a decrease of 6.6%. The Group recorded a high transaction volume of 60,400 sqm from the sales of commercial and office units with a higher ASP, which compensated for the lower ASP for residential apartments delivered in the period. The booked gross profit margin for the period was 25% representing a decrease of 8 percentage points for the corresponding period in 2014 (33%), as more high-end residential projects were delivered in the first half of 2014.

# Management Discussion and Analysis

The recognized sales revenues by projects for the six months ended 30 June 2015 are as follows:

Projects	Usage	Sales Revenue		ASP Net of Business Tax (RMB)	The Group's Interest
		GFA (sqm)	Net of Business Tax (RMB'000)		
<b>Chongqing</b>					
L'Ambassadeur Phases I to IV	Residential	5,100	39,000	7,700/sqm	92%
	Commercial	400	10,800	28,820/sqm	
	Car Park	7,900	22,000	102,900/unit	
Zhongyu Plaza					
— Tower 6	Office	1,100	15,800	14,830/sqm	74%
— Tower 8	Office	2,100	32,000	15,380/sqm	92%
Phoenix County Phases I to III	Residential	11,700	85,100	7,300/sqm	100%
	Commercial	2,100	40,900	19,470/sqm	
	Car Park	20,100	55,900	114,060/unit	
Academic Heights Phases I & II	Residential	21,900	96,900	4,420/sqm	92%
	Commercial	400	8,800	20,290/sqm	
Verakin New Park City	Residential	151,900	934,600	6,150/sqm	51%
	Commercial	3,900	69,800	17,720/sqm	
	Car Park	2,600	6,000	88,710/unit	
Bishan Verakin New Park City — Zones A & B	Residential	61,200	293,000	4,790/sqm	26%
	Commercial	8,100	125,600	15,500/sqm	
Others	Residential/ Commercial/ Car Park	12,000	67,400		
<b>Chengdu</b>					
Brighton Place & Plaza Phases I to V	Residential	500	3,400	7,080/sqm	51%
	Commercial	7,000	234,000	33,440/sqm	
	Office	32,900	281,600	8,550/sqm	
	Car Park	11,500	44,800	127,710/unit	
Villa Royale Phases I to III & V	Residential	8,700	128,800	14,800/sqm	51%
	Car Park	2,000	8,700	141,600/unit	
Sky Villa Phase II	Residential	1,900	38,000	19,520/sqm	51%
	Car Park	1,000	3,800	135,180/unit	
Others	Residential/ Car Park	1,400	6,800		
<b>Guiyang</b>					
First City, Guiyang Phases I & III	Residential	40,100	196,800	4,900/sqm	85%
	Commercial	500	10,100	20,150/sqm	
<b>Other districts</b>					
Radiant Bay Phases I & II	Residential	37,500	180,500	4,820/sqm	100%
Others	Residential/ Car Park	1,100	6,900		
TOTAL		458,600	3,047,800		

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

	Recognized Revenue		Booked Area	
	2015	2014	2015	2014
Chongqing	62%	59%	68%	64%
Chengdu	25%	21%	15%	18%
Guiyang	7%	18%	9%	15%
Other districts	6%	2%	8%	3%
Total	100%	100%	100%	100%

# Management Discussion and Analysis

In terms of usage, about 67% (six months ended 30 June 2014: 80%) is for residential and the balance for non-residential purposes.

As at 30 June 2015, the unrecognized revenue, after excluding the disposal of the CQZY and the CDGJ Projects to be completed in the second half of 2015, was approximately RMB5.0 billion, representing a pre-sold area of 0.7 million sqm, out of which, about RMB2.6 billion are from projects which are completed or expected to be completed in the second half of 2015. The revenue can be recognized only when the relevant property has been completed, occupation permit issued and the property delivered to the purchaser.

Seven projects completed on schedule in the first half of 2015. The total GFA completed by the Group in the period under review amounted to approximately 746,600 sqm (first half of 2014: 591,200 sqm). The details are as follows:

Projects	Usage	GFA (sqm)	Percentage of Area Sold as at 30 June 2015	The Group's Interest
<b>Chongqing</b>				
Phoenix County Phase III	Residential	72,300	48%	100%
Verakin New Park City – Zone M	Residential	127,300	100%	51%
	Commercial	5,500	62%	
	Others	36,900		
Bishan Verakin New Park City – Zone A	Residential	54,100	97%	26%
	Commercial	20,100	40%	
	Others	17,300		
<b>Chengdu</b>				
Brighton Place & Plaza Phases I to V	Commercial	17,100	45%	51%
	Office	80,200	48%	
	Others	88,400		
Villa Royale Phases III & V	Residential	50,100	27%	51%
	Others	9,800	28%	
<b>Guiyang</b>				
First City, Guiyang Phase III	Residential	71,900	96%	85%
	Commercial	23,000	23%	
	Others	33,200		
<b>Dazhou</b>				
Radiant Bay Phase II	Residential	39,400	90%	100%
TOTAL		746,600		

## Contract Sales

Following the gradual relaxation of the cooling measures on the property sector, and other government's measures to attract homebuyers since September 2014, the fall in housing sales was arrested in the last quarter of 2014. Housing market activity and prices have been more stable in the first half of 2015.

A total of twenty six projects were launched for presales in the period. The total contract sales during the period amounted to RMB2,797.6 million (six months ended 30 June 2014: RMB2,927.1 million) which is a 4.4% decline when compared with the same period of last year. However, the area sold was 441,400 sqm which is 31.5% higher when compared with the same period of last year. The overall ASP was RMB6,340 per sqm, representing a decrease of 27.3% compared to RMB8,720 per sqm in the same period last year. The fall in ASP is mainly due to the change of product mix with more mass market products put up for sales in response to end-user demand. Moreover, the contract sales for non-residential products which carried a higher ASP is only 20% of the total contract sales while it was 40% for the corresponding period of previous year. Sales were realized in Chongqing, Chengdu, Guiyang, Xi'an and Dazhou.

In addition to the contract sales above, as at 30 June 2015, after excluding the CQZY and CDGJ Projects, a total GFA of 91,000 sqm at a value of RMB728 million was subscribed for, and will be converted to contract sales in the coming months.

# Management Discussion and Analysis

The breakdown of the contract sales in the first half of 2015 is as follows:

Projects	Usage	Approximate Contract Sales Area (sqm)	Approximate Contract Sales Revenue (RMB'000)	Approximate Contract ASP Before Business Tax (RMB)
<b>Chongqing</b>				
L'Ambassadeur Phases I to IV	Residential	3,800	27,900	7,400/sqm
	Commercial	200	5,300	26,980/sqm
	Car Park	7,900	23,400	108,940/unit
Verakin New Park City	Residential	2,300	24,000	10,210/sqm
	Commercial	700	14,500	20,950/sqm
	Office	11,600	77,700	6,670/sqm
	Car Park	4,000	9,200	87,720/unit
Bishan Verakin New Park City — Zones A, B & C	Residential	20,800	91,400	4,380/sqm
	Commercial	200	5,100	24,760/sqm
Verakin Joyful City Phase I	Residential	47,000	214,900	4,570/sqm
	Commercial	400	7,700	21,210/sqm
Riverside One, Wanzhou Phase III	Residential	2,200	7,300	3,340/sqm
	Commercial	2,100	18,600	8,710/sqm
	Car Park	1,800	3,300	56,290/unit
Phoenix County Phases I to III	Residential	35,300	299,700	8,480/sqm
	Commercial	2,500	39,500	15,750/sqm
	Car Park	20,100	59,200	120,700/unit
Academic Heights Phases I to III	Residential	34,200	126,000	3,690/sqm
	Commercial	400	4,100	9,790/sqm
Residence Serene Phases I & II	Residential	26,500	191,200	7,210/sqm
	Commercial	300	4,400	15,970/sqm
Mansions on the Peak	Residential	800	25,000	31,090/sqm
Others	Residential/ Commercial/ Car park	2,700	14,800	
		227,800	1,294,200	
<b>Chengdu</b>				
Sky Villa Phases II & III	Residential	16,500	279,100	16,960/sqm
	Car Park	800	3,600	149,170/unit
Sky Villa Condominiums	Commercial	1,400	44,600	31,210/sqm
Brighton Place & Plaza Phases II, IV & V	Residential	200	1,900	8,530/sqm
	Office	10,800	97,400	9,030/sqm
	Car park	12,300	55,500	148,450/unit
Villa Royale Phases III & V	Residential	4,200	70,800	16,980/sqm
	Car Park	700	3,300	150,000/unit
Residence du Paradis Phases I & II	Residential	31,600	176,100	5,570/sqm
	Commercial	1,600	19,800	12,760/sqm
Residence du Lac Phases I & II	Residential	24,000	137,200	5,710/sqm
	Commercial	900	16,300	17,270/sqm
Others	Residential	1,400	7,200	
		106,400	912,800	

# Management Discussion and Analysis

Projects	Usage	Approximate Contract Sales Area (sqm)	Approximate Contract Sales Revenue (RMB'000)	Approximate Contract ASP Before Business Tax (RMB)
<b>Guiyang</b>				
First City, Guiyang Phases I to IV	Residential	41,900	259,100	6,190/sqm
	Commercial	700	11,400	15,950/sqm
	Office	1,900	10,200	5,370/sqm
	Car Park	1,600	7,700	97,720/unit
Florentia Town Phase I	Residential	10,000	47,600	4,790/sqm
	Commercial	700	15,400	20,670/sqm
		56,800	351,400	
<b>Xi'an</b>				
Zhongyu Metropolis Phases I & II	Residential	31,600	142,400	4,510/sqm
<b>Other Districts</b>				
Silver Lining	Residential	700	4,700	7,020/sqm
	Car Park	100	600	156,500/unit
Radiant Bay Phases I & II	Residential	18,000	91,500	5,080/sqm
		18,800	96,800	
TOTAL		441,400	2,797,600	

The breakdown of the contract sales for the first half of 2015 from Chongqing, Chengdu, Guiyang, Xi'an and other districts were 46%, 33%, 13%, 5% and 3% respectively. The ASPs breakdown by location is as follows:

ASP (RMB per sqm)	First half of 2015	First half of 2014	Percentage change
Chongqing	5,680	8,760	-35.2%
Chengdu	8,590	10,210	-15.9%
Guiyang	6,190	10,150	-39.0%
Xi'an	4,510	5,260	-14.3%
Others	5,140	5,170	-0.6%
Overall for the Group	6,340	8,720	-27.3%

In terms of usage, about 80% (first half of 2014: 60%) were for residential and 20% (first half of 2014: 40%) for non-residential properties. The ASPs breakdown by usage is as follows:

ASP (RMB)	First half of 2015	First half of 2014	Percentage change
Residential (per sqm)	6,310	7,370	-14.4%
Commercial (per sqm)	16,760	22,250	-24.7%
Office (per sqm)	7,510	8,480	-11.4%
Carparks (per unit)	121,170	124,940	-3.0%

## Land Bank

The Group mindful of the overall drop in the pace of new home construction starts in the property market did not make any land acquisition in the first half of the year.

Subsequent to 30 June 2015, the Group entered into an agreement to dispose of the CDGJ Projects, comprising a total GFA of 1.9 million sqm in different stages of development. The disposal offered the opportunity for a one-off, accelerated realization of a portion of the Group's property inventory, and improved the Group's cash position to meet short-term borrowings due for repayment in the near term, and to look at other investments. The proceeds received will be used as working capital of the Group.



# Management Discussion and Analysis

As at the report date, the Group's land bank, after excluding 1.7 million sqm GFA of the CDGJ Projects, stood at 7.0 million sqm GFA (of which 4.6 million sqm GFA was attributable to the Group). These land lots are located in four cities: Chongqing, Guiyang, Xi'an and Dazhou. The average accommodation value of the portfolio is around RMB1,680 per sqm.

As at the report date, the Group's land bank has a well-diversified portfolio. Taking into account of the expected completion in the second half of 2015 of the disposal of the CDGJ Projects, the breakdown of the remaining land bank by usage is as follows:

Usage	Completed Properties held for Sale GFA (sqm)	Land held for Development GFA (sqm)		Total GFA (sqm)	Percentage of Total GFA
		Total	Attributable		
Commercial	125,000	979,000	670,000	1,104,000	14.4
Residential	169,000	3,207,000	1,977,000	3,376,000	44.0
Office	—	924,000	666,000	924,000	12.1
Serviced apartment	—	136,000	41,000	136,000	1.8
Townhouse & villa	33,000	263,000	216,000	296,000	3.9
Others (Car-park spaces and other auxiliary facilities)	300,000	1,527,000	1,067,000	1,827,000	23.8
<b>TOTAL</b>	<b>627,000</b>	<b>7,036,000</b>	<b>4,637,000</b>	<b>7,663,000</b>	<b>100.0</b>

In terms of usage, about 51% of the land held for development is for residential, serviced apartments as well as townhouse and villa use and the remaining 49% for office, commercial and other developments. In respect of the total 202,000 sqm completed residential, townhouse and villa properties held for sale, about 43% have been pre-sold and are pending delivery.

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

Locations	Total GFA (sqm)	Attributable GFA (sqm)	Percentage of Total GFA
Chongqing	3,164,000	1,220,000	45.0
Sichuan — Dazhou	201,000	201,000	2.9
Guiyang	3,033,000	2,578,000	43.1
Xi'an	638,000	638,000	9.0
<b>TOTAL</b>	<b>7,036,000</b>	<b>4,637,000</b>	<b>100.0</b>

Around 45% of the land bank held for development is located in Chongqing whilst 55% is in Dazhou, Guiyang and Xi'an.

There were 11 projects in different stages of development during the period. The total area under construction as at 30 June 2015 was about 1.9 million sqm which is about 27% of the Group's total land bank.

# Management Discussion and Analysis

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

Locations/Project Names	Expected Completion Date	GFA (sqm)	The Group's Interest
Chongqing, Yubei District			
– Phoenix County	2015	110,000	100%
Chongqing, Jiangbei District	2016 or after	983,000	25%
Chongqing, Nan'an District			
– Verakin New Park City	2016 or after	629,000	51%
Chongqing, Shapingba District			
– Verakin Joyful City	2017 or after	675,000	51%
Chongqing, Bishan County, Ludao New District			
– Bishan Verakin New Park City	2016 or after	700,000	26%
Chongqing, Rongchang County			
– Verakin Riviera	2015	67,000	25%
Sichuan, Dazhou, Tongchuan District			
– Radiant Bay	2015 or after	201,000	100%
Guiyang, Guanshanhu District			
– First City, Guiyang	2015 or after	1,079,000	85%
Guiyang, WuDang District			
– Florentia Town	2017 or after	641,000	85%
Guiyang, Hefei Road			
– Concordia City	2017 or after	1,313,000	85%
Xi'an, Weiyang District			
– Zhongyu Metropol	2016 or after	638,000	100%
<b>TOTAL</b>		<b>7,036,000</b>	

## Treasury Investment

The treasury investment segment recorded a profit of HK\$528.4 million (six months ended 30 June 2014: a loss of HK\$18.3 million). The dividends and interests earned from investments totalled HK\$11.8 million (six months ended 30 June 2014: HK\$4.1 million). The realized and unrealized profits on listed securities amounted to HK\$217.7 million and HK\$302.6 million respectively (six months ended 30 June 2014: realized and unrealized loss on listed securities of HK\$8.4 million and HK\$13.9 million respectively).

## CORPORATE STRATEGY AND OUTLOOK

China's economic slowdown is expected to continue into the second half of 2015 as consumption growth slows to some extent, and external demand remains weak.

Going into the second half of 2015, the market is expected to take some time to absorb excess capacity. Developers may attempt to cut price to boost sales. Given the economic growth rate has been dropping, the government may continue to loosen its monetary policy to stimulate the economy. Urbanization will continue, and as a result of continued income growth in individuals, these domestic growth drivers will benefit the housing market in the long term.

After disposal of the CQZY and CDGJ Projects, the Group's projects under development will be substantially reduced, thereby reducing the area to be completed in the second half of 2015 and 2016. The target completion areas for the second half of 2015 and year 2016 now become 533,000 sqm and 540,000 sqm respectively, out of which 61% and 48% of the residential areas have been pre-sold respectively as at 31 July 2015. The completion schedule for the second half of 2015 and year 2016 is as follows:

Locations	Projects	Residential Area (sqm)	Commercial/ Car park/ Other Area (sqm)	Total Area (sqm)	The Group's Interests
<b>Second Half of 2015</b>					
Chongqing	Phoenix County Phases II & III	72,000	38,000	110,000	100%
Dazhou	Radiant Bay Phase I	10,000	–	10,000	100%
Guiyang	First City, Guiyang Phases II to IV	143,000	270,000	413,000	85%
<b>TOTAL</b>		<b>225,000</b>	<b>308,000</b>	<b>533,000</b>	

# Management Discussion and Analysis

Locations	Projects	Residential Area (sqm)	Commercial/Car park/Other Area (sqm)	Total Area (sqm)	The Group's Interests
<b>Year 2016</b>					
Chongqing	Verakin New Park City				
	– Zone S	–	97,000	97,000	51%
	– Zone U	–	103,000	103,000	51%
	Bishan Verakin New Park City				
	– Zone C	72,000	23,000	95,000	26%
Dazhou	Radiant Bay Phase II	36,000	6,000	42,000	100%
Xi'an	Zhongyu Metropol Phases I & II	164,000	39,000	203,000	100%
TOTAL		272,000	268,000	540,000	

As at 30 June 2015, assuming the disposal of the CQZY and the CDGJ Projects were completed as indicated under the heading “Land Bank” above, the Group would have a total of 11 projects under development. Based on the existing development schedule, the Group expects the total area for construction start-up in the second half 2015 to be around 1.3 million sqm. Together with the area under construction as at 30 June 2015, the total area under development at the end of 2015 is expected to be over 3.2 million sqm – about 46% of the Group's total land bank of 7.0 million sqm GFA.

The Group will continue to adopt a prudent and cautious investment strategy. In the face of market fluctuations, the Group will strive to improve operational efficiency, increase investment return to achieve the Group's long term targets. The Group will look forward to opportunities to either enter into equity partnerships, including negotiations with potential parties for the disposal of and/or joint investment and/or development with respect to the Group's projects, or participate in other developers' projects.

The Group will maintain its prudent land bank policy in replenishing its land bank conditional upon favourable terms after considerable market adjustment, and the availability of a secure cash flow and the maintenance of a prudent gearing ratio.

## FINANCIAL REVIEW

### Investments

After excluding the portion related to the CQZY Projects which was disposed in July 2015, the Group held a portfolio of listed and unlisted equity securities with a carrying value of HK\$1,576.6 million (31 December 2014: HK\$1,577.3 million) as at 30 June 2015 which is about 3% of the total assets of the Group. To maintain a prudent investment portfolio, the value of the portfolio is limited to no more than 10% of the total asset of the Group. Owing to the fluctuations in the Hong Kong stock market for the period under review, the Group recorded an unrealized fair value gain of HK\$302.6 million on listed investments (six months ended 30 June 2014: unrealized fair value loss of HK\$13.9 million). The amount of dividends and interest income from investments for the period was HK\$11.8 million (six months ended 30 June 2014: HK\$4.1 million).

### Liquidity and Financial Resources

The Group continued to maintain a sound financial position. As at 30 June 2015, the maturity profile of the bank and other borrowings, and the cash and bank balances, after excluding the portion related to the disposal in July 2015 of the CQZY Projects, were as follows:

Currency of Bank and Other Borrowings	RMB HK\$'M	HK\$ HK\$'M	US\$ HK\$'M	Total HK\$'M	Percentage
Bank and other borrowings repayable:					
– Within 1 year or on demand	3,183.1	2,547.1	–	5,730.2	62.2
– In the second year	1,985.6	534.7	–	2,520.3	27.4
– In the third to fifth years, inclusive	292.9	662.7	–	955.6	10.4
Total bank and other borrowings	5,461.6	3,744.5	–	9,206.1	100.0
Less: Cash and bank balances and time deposits	(4,918.4)	(1,411.8)	(38.5)	(6,368.7)	
Net borrowing position	543.2	2,332.7	(38.5)	2,837.4	

# Management Discussion and Analysis

Total cash and bank deposits amounted to HK\$6,368.7 million as at 30 June 2015 (31 December 2014: HK\$9,519.0 million), which included HK\$790.8 million (31 December 2014: HK\$1,880.8 million) of deposits pledged to banks and HK\$1,227.9 million (31 December 2014: HK\$1,357.3 million) of restricted bank deposits which can only be applied to designated property development projects of the Group. According to the relevant laws and regulations of the PRC, the Group was required to deposit a portion of the proceeds from the pre-sales of properties into designated bank accounts as guarantees for completion of the development of the respective properties.

Total borrowings amounted to HK\$9,206.1 million (31 December 2014: HK\$12,082.0 million). Secured debts accounted for approximately 70% of total borrowings as at 30 June 2015 (31 December 2014: 71%).

As of 30 June 2015, the Group's net borrowing balance was HK\$2,837.4 million (31 December 2014: HK\$2,563.0 million) and its total equity was HK\$15.4 billion (31 December 2014: HK\$14.8 billion). The Group's net gearing ratio was 18.4% as of 30 June 2015 (31 December 2014: 17.3%), calculated by total borrowings less total bank balances and cash divided by owners' equity. The Group expects the completion of the disposal of the CQZY and the CDGJ Projects to have a positive impact to its net gearing ratio.

The cash collection ratio for the property business was 117% (six months ended 30 June 2014: 99%) during the period under review.

The net assets value per share was HK\$5.96 (31 December 2014: HK\$5.72).

## Contingent Liabilities/Financial Guarantees

At 30 June 2015, the Group had the following contingent liabilities/financial guarantees:

- a. Guarantees given to banks in connection with facilities granted to an associate in the amount of HK\$526.1 million (31 December 2014: HK\$526.1 million).
- b. Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's property units in the amount of HK\$7,717.0 million (31 December 2014: HK\$7,072.7 million).

## Pledge of Assets

At 30 June 2015, the Group has pledged the following assets:

- |   |                     |
|---|---------------------|
| a. Leasehold properties as security for general banking facilities granted to the Group.  | HK\$81.6 million    |
| b. Bank balances and time deposits as security for general banking facilities granted to the Group.   | HK\$806.1 million   |
| c. Properties under development, completed properties held for sales and investment properties pledged to secure banking facilities granted to the Group. | RMB17,681.6 million |
| d. 100% equity holdings of a subsidiary of the Group in the PRC.  | RMB174.2 million    |

## Exchange Risks

The Group's foreign exchange exposure is considered minimal as the Group conducts its property business operations in the PRC. Sales transactions and all major cost items are denominated in RMB. Therefore, the directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

## EVENTS AFTER THE REPORTING PERIOD

1. On 17 July 2015, the disposal of the Group's 92% equity interest in Starhigh was completed.
2. On 24 July 2015, the Group entered into an agreement to dispose of its entire equity interests in Joyview, together with the shareholder's loan at a total consideration of about RMB2,103 million.

## EMPLOYEES

As at 30 June 2015, the Group employed approximately a total of 2,088 employees in China and Hong Kong and incurred employee costs in the amount of approximately HK\$179 million for the period under review. The Group remunerates its staff based on their merit, qualification, competence and the prevailing market wage level. In order to attract, retain and motivate its employees, the Group has also established an incentive bonus scheme to reward employees based on their performance. Employees are also eligible to be granted share options under the Company's share option scheme at the discretion of the Board. For the six months ended 30 June 2015 and 30 June 2014, no equity-settled share option expense was charged off to the consolidated statement of profit or loss. Other benefits include contributions to a mandatory provident fund and medical insurance.

## INTERIM DIVIDEND

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

# Projects Profile and Update

## CHONGQING PROJECTS

**Phoenix County (梧桐郡)** — a high-end residential project including low-rise condominiums, low-rise apartments and high-rise blocks near the Longtoushi Train Station with a total GFA of 396,000 sqm. Phase I and Phase II (1st batch) of low-rise apartments development and Phase III (1st batch) of high-rise apartments development had been completed in previous years. Phase III (2nd batch) with a GFA of 72,000 sqm was completed and started delivery in the first half of 2015.

Construction works of Phase II (2nd batch) and Phase III (3rd batch) with a total GFA of 76,000 sqm and 34,000 sqm respectively were underway as at 30 June 2015.

A GFA of 38,000 sqm of Phase II (2nd batch) was launched for pre-sales and 86% of the launched area was pre-sold at an ASP of RMB11,000 per sqm. All residential units of Phase III (3rd batch) were pre-sold at an ASP of RMB7,900 per sqm.

The 2nd batch of Phase II and the 3rd batch of Phase III are expected to be completed in the second half of 2015.

**Verakin New Park City (同景國際城)** — a high-end multi-phased residential and commercial project with a total GFA of more than 2 million sqm, which is located at the heart of New District of Chayuan, close to the district's central axis, Tongjiang Avenue, adjacent to the new People's Government of Nan'an District, and next to the light rail line no. 6. After deliveries of the earlier phases up to the date of this report, the remaining GFA is about 629,000 sqm for development.

Zone M is a mixed villa and high-rise apartment development project with a total GFA of 234,000 sqm. Villas were completed and delivered in 2014. High-rise apartments and commercial development were completed in the first half of 2015 with all high-rise residential units sold out at an ASP of RMB5,800 per sqm.

Zones S, T and U are high-end office and retail developments with a total GFA of 97,000 sqm, 218,000 sqm and 103,000 sqm respectively. Both Zones S and U are under construction during the period.

As at 30 June 2015, over 93% of Zone S office units and 67% of Zone U office units had been pre-sold with a GFA of 45,000 sqm at an ASP of RMB7,700 per sqm and with a GFA of 37,000 sqm at an ASP of RMB7,200 per sqm respectively. Both Zones S and U are planned for completion in 2016.

Construction works of Zone T are expected to commence in the second half of 2015.

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

Zone B was completed and delivered in 2014. Zone A with a total GFA of 92,000 sqm were completed and started delivery during the period.

Construction works of Zone C (1st batch) with a total GFA of 95,000 sqm were underway as at 30 June 2015. For the first batch of Zone C, about 50,000 sqm residential area was launched for pre-sales and over 62% of launched area was pre-sold at an ASP of RMB4,700 per sqm as at 30 June 2015. Zone C (1st batch) is planned for completion in 2016.

Construction works of Zone D with a total GFA of 119,000 sqm were commenced in the first half of 2015.

**Verakin Joyful City (同景優活城)** — a project located at Xiyong, a leading industrial town west of Chongqing city, and adjacent to the eastern side of the university town with a total GFA of 675,000 sqm. It is a key area in the government's future development plan to shape it into one of the six city sub-centres; one of the five new business districts and one of the ten major development zones of the main city of Chongqing. The project will be developed in six phases. Phase I with a total GFA of 208,000 sqm was under construction during the period. About 132,000 sqm high-rise residential area was launched for pre-sales during the period and 60% of the launched area was pre-sold at an ASP of RMB4,500 per sqm as at 30 June 2015. Phase I is planned for completion in 2017.

Construction works of Phase II with a total GFA of 204,000 sqm will be commenced in the second half of 2015.

**The Coronation (御龍 • 天峰)** — a 25% equity interest joint venture project having a total GFA of 1,029,000 sqm located along the north bank of the inner city section of the Jialing River, Jiangbei District, Chongqing. This project is one of the largest riverside developments in Chongqing, having a river frontage of about 750 metres. A residential cum commercial complex will be built to provide high-end residential premises, Grade-A office towers, service apartments, and a mega business and retail property. The project is developed in four phases.

The first phase is a high-rise residential development with a total GFA of 261,000 sqm.

During the period, the first batch of Phase I with a GFA of 47,000 sqm was completed and started delivery. For the second and third batches, 103,000 sqm residential area was launched for pre-sales as at 30 June 2015 and over 64% was pre-sold at an ASP of RMB7,900 per sqm.

The second batch of Phase I with a GFA of 83,000 sqm will be completed in 2016.

## GUIYANG PROJECTS

**First City, Guiyang (中渝 • 第一城)** — a pilot project situated at the Guanshanhu District in Guiyang City, which is a new urban district located 12 kilometres northwest of the city centre of Guiyang. The project comprises of independent commercial streets, high-end business office buildings, high-end residences, retail outlets, restaurants and bars, boutique hotels, and three major theme parks, with a total planned GFA of 1,374,000 sqm.

Phase I with a total GFA of 183,000 sqm comprising of townhouses and low-rise residential units had been completed in 2013.

Phase II is an office development with a GFA of 542,000 sqm. As at 30 June 2015, about 39% of the launched office units with a GFA of 44,000 sqm were pre-sold at an ASP of RMB9,200 per sqm.

Phase III is developed as high-rise residential towers and an office tower with a GFA of 248,000 sqm. As at 30 June 2015, about 141,000 sqm residential area was launched for pre-sales and 76% was pre-sold at an ASP of RMB5,500 per sqm. During the period, 72,000 sqm of the first batch of Phase III residential area was completed and started delivery. All office units with a GFA of 15,000 sqm were pre-sold at an ASP of RMB7,300 per sqm.

Phase IV has a total GFA of 191,000 sqm comprising of high-rise and low-rise apartments units. Low-rise apartment units with a GFA of 36,000 sqm were first launched for pre-sales and 81% of the launched area were pre-sold at an ASP of RMB7,500 per sqm as at 30 June 2015. High-rise residential units with a GFA of 15,000 sqm were first launched for pre-sales in June 2015.

The first batch of Phases II and IV and the second batch of Phase III are expected to be completed in the second half of 2015.

**Florentia Town (中渝 • 萬錦城)** — a residential project located in Wudang District of Guiyang City with a convenient transportation network. It can be accessed to the city centre by Xintian Avenue, Shuidong Road or Erhuan Road East. The project, with a total planned GFA of 641,000 sqm, will be developed in three phases.

Phase I, the high-rise residential towers and low-rise apartments with a total GFA of 240,000 sqm was under construction during the period. As at 30 June 2015, 15,000 sqm low-rise and 48,000 sqm high-rise residential area were first launched for pre-sales and 29% and 46% of launched area were pre-sold at an ASP of RMB6,200 per sqm and RMB4,500 per sqm respectively.

The first batch of Phase I with a GFA of 185,000 sqm is planned for completion in 2017.

**Concordia City (中渝 • 萬熙城)** — a project located at the core commercial region of Guanshanhu District. It is in the junction of Guanshanhu and Yuyan and enjoys a convenient transportation network which is nearby Beijing Road West, Qianlingshan Road and Changling Road South. The project also enjoys a neighbourhood of the shopping mall “Century City” which is the most popular area in Guangshanhu District with excellent auxiliary facilities for living, transport and commercial activities. The project has a total planned area of 1,313,000 sqm, including an office building, a shopping mall, a Guizhou Style commercial street, a large-scaled supermarket, high quality apartments and high-rise residential buildings.

Phase I with a total GFA of 277,000 sqm is expected to commence construction works in the second half of 2015.

## XI'AN PROJECT

**Zhongyu Metropol (中渝 • 國際城)** — a residential and commercial project located northwest of the Xi'an North Railway Station in Weiyang District. It is 15 km away from the Bell Tower District in the heart of Xi'an city, 15 km from the Xianyang Airport, and 3 km away from Xi'an North Station, the largest high-speed railway station in Asia. The project has a total planned GFA of 638,000 sqm which consists of 17 blocks of 31 to 34-storeyed high landscape high-rise apartments and 10 blocks of 7 to 10-storeyed garden apartment, will be developed in three phases.

Construction works of Phases I and II with a total GFA of 86,000 sqm and 113,000 sqm were underway.

As at 30 June 2015, Phase I residential area with a GFA of 50,000 sqm and Phase II residential area with a GFA of 50,000 sqm were first launched for pre-sales, and 74% and 77% of launched area were pre-sold at an ASP of RMB4,800 per sqm and RMB4,600 per sqm respectively. Both Phases I and II are expected to be completed in 2016.

## PROJECT IN OTHER DISTRICT

**Radiant Bay (雍河灣), Dazhou, Sichuan** — a residential project with a total GFA of 412,000 sqm, located at the Chaoyang Road Central in the Tongchuan District in Dazhou City in Sichuan, outside the entrance of the newly emerged western district, with the old district in the east and rivers in the south, and has a convenient transportation network. The first batch of Phase I with a GFA of 165,000 sqm was completed in 2013. The first batch of Phase II with a GFA of 39,000 sqm was completed and started delivery in the first half of 2015. Construction works of the second batch of Phase I with a GFA of 10,000 sqm and the second batch of Phase II with a GFA of 42,000 sqm were underway as at 30 June 2015. Residential area of the second batch of Phase II with 22,000 sqm was pre-sold at an ASP of RMB5,100 per sqm. The second batch of Phase I and the second batch of Phase II are expected to be completed in the second half of 2015 and 2016 respectively.

# Disclosure of Interests

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

As at 30 June 2015, details of the interests and short positions of each of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

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

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

Notes:

- 1,070,810,231 of such shares were held through Thrivetrade Limited ("Thrivetrade"), a company wholly-owned by Mr. Cheung Chung Kiu ("Mr. Cheung"). Accordingly, Mr. Cheung was deemed to be interested in the same number of shares held through Thrivetrade.
- 260,395,559 of such shares were held through Regulator Holdings Limited ("Regulator"), a direct wholly-owned subsidiary of Yugang International (B.V.I.) Limited ("Yugang-BVI"), which is in turn a direct wholly-owned subsidiary of Yugang International Limited ("Yugang"). Yugang was owned by Chongqing Industrial Limited ("CIL"), Timmex Investment Limited ("Timmex") and Mr. Cheung as to approximately 44.06% in aggregate. CIL was owned as to 35%, 30%, 5% and 30% by Mr. Cheung, Peking Palace Limited ("Peking Palace"), Miraculous Services Limited ("Miraculous Services") and Prize Winner Limited ("Prize Winner") respectively. Mr. Cheung had 100% beneficial interest in Timmex. Prize Winner was beneficially owned by Mr. Cheung and his associates. Peking Palace and Miraculous Services were held by Palin Holdings Limited ("Palin") as the trustee for Palin Discretionary Trust, a family discretionary trust, the objects of which included Mr. Cheung and his family. Accordingly, Mr. Cheung was also deemed to be interested in the same number of shares held through Regulator.
- Details of the directors' interests in the underlying shares of the Company pursuant to share options granted by the Company are set out in the section headed "Share Options" below.
- Approximate percentage refers to the aggregate interests of the director in the shares of the Company expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at 30 June 2015.

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

Name of director	Name of associated corporation	Capacity	Number of shares	Approximate percentage <sup>2</sup>
Tsang Wai Choi ("Mr. Tsang")	Starthigh International Limited ("Starthigh") <sup>1</sup>	Beneficial owner and Interest of controlled corporations	1,840 <sup>1</sup>	61.33

Notes:

- As at 30 June 2015, Mr. Tsang's interest in 1,840 shares in Starthigh comprised (a) 240 shares in Starthigh held by Happy Yield Holdings Limited ("Happy Yield"), a direct wholly-owned subsidiary of Harvest Top Holdings Limited, which is in turn directly wholly-owned by Mr. Tsang; and (b) 1,600 shares Starthigh which had yet to be subscribed by Happy Yield in accordance with the terms of an investment agreement dated 7 April 2014, details of which were disclosed in the Company's announcements dated 7 April 2014 and 3 June 2015, and circular dated 13 November 2014.
- Approximate percentage refers to the aggregate interests of the director in the shares of the relevant associated corporation of the Company expressed as a percentage (rounded to two decimal places) of the issued share capital of the relevant associated corporation as at 30 June 2015.

Save as disclosed above, as at 30 June 2015, the Company had not been notified of any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SHARE OPTIONS

On 29 April 2005, the Company adopted a share option scheme (“2005 Scheme”), which expired on 29 April 2015, details of which were disclosed in the Company’s circular dated 13 April 2005 and are set out in note 18 to the condensed consolidated financial statements. Movements of the 2005 Scheme during the period from 1 January 2015 to 30 June 2015 were as follows:

Name or category of participants	Number of share options					At 30 June 2015	Date of grant <sup>1</sup> (dd-mm-yyyy)	Exercise period (dd-mm-yyyy)	Exercise price <sup>2</sup> HK\$ per share	Closing price immediately before date of grant HK\$ per share
	At 1 January 2015	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period					
<b>Directors</b>										
Lam How Mun Peter	17,500,000	-	-	-	-	17,500,000	07-05-2009	07-05-2009 to 06-05-2019	3.27	3.47
	21,539,000	-	-	-	-	21,539,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
	4,000,000	-	-	-	-	4,000,000	03-09-2010	01-01-2011 to 02-09-2020	3.31	3.19
	43,039,000	-	-	-	-	43,039,000				
Leung Chun Cheong	1,500,000	-	-	-	-	1,500,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
Leung Wai Fai	3,000,000	-	-	-	-	3,000,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
	47,539,000	-	-	-	-	47,539,000				
<b>Employees</b>										
In aggregate	10,100,000	-	-	-	-	10,100,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
	800,000	-	-	-	-	800,000	03-09-2010	01-01-2011 to 02-09-2020	3.31	3.19
	10,900,000	-	-	-	-	10,900,000				
<b>Others</b>										
In aggregate	4,800,000	-	-	-	-	4,800,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
<b>Total</b>	63,239,000	-	-	-	-	63,239,000				

Notes:

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

On 21 May 2015, the Company adopted a share option scheme (“2015 Scheme”), details of which were disclosed in the Company’s circular dated 16 April 2015. No share options were granted under 2015 Scheme since its adoption and up to 30 June 2015.

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

As at 30 June 2015, details of the interests and short positions of every person, other than directors or the chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

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

Notes:

- These shares were included in the interests of Mr. Cheung in the shares of the Company as disclosed under the paragraph “Interests in shares of the Company (long positions)” of the section headed “Directors’ and Chief Executive’s Interests and Short Positions” above.
- The interests held by Regulator, Yugang-BVI, Yugang, CIL and Palin respectively as shown above refer to interests in the same block of shares. The said shares were also included in the interests of Mr. Cheung in the shares of the Company as disclosed under the paragraph “Interests in shares of the Company (long positions)” of the section headed “Directors’ and Chief Executive’s Interests and Short Positions” above.
- Approximate percentage refers to the aggregate interest which the shareholder held or had short positions in the shares of the Company expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at 30 June 2015.
- All of the interests disclosed above represent long positions.

Save as disclosed above, as at 30 June 2015, the Company had not been notified of any interests or short positions of any other person, other than directors or the chief executive of the Company, in the shares or underlying shares of the Company required to be recorded in the register kept by the Company under Section 336 of the SFO.



## CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2015.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by directors. Specific enquiries have been made on all directors who have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2015.

## UPDATE ON DIRECTORS' INFORMATION

Mr. Wong Yat Fai ceased to be an Independent Non-executive Director of Mission Capital Holdings Limited from 30 July 2015 and ceased to be an Executive Director of China Jinhai International Group Limited from 1 August 2015.

Dr. Wong Lung Tak Patrick ceased to be an Independent Non-executive Director of Excel Development (Holdings) Limited from 10 August 2015.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

## DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

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

3. On 27 June 2013, the Company accepted the offer in a facility letter dated 25 June 2013, pursuant to which a 3-year term loan facility for an amount of HK\$500,000,000 or its equivalent is made available for drawdown by the Company. Under the facility letter, it is (among other matters) an event of default if Mr. Cheung save for certain exceptions, does not or ceases to hold (directly or indirectly) 35% or more of the beneficial shareholding interest, carrying 35% or more of the voting rights, in the issued share capital of the Company. Upon occurrence of an event of default during the committed period from the date of acceptance of the facility letter to the date falling 2 years after the date of such acceptance (whether or not it is continuing), the lender may at any time by notice to the Company declare that the lender's obligation to make the facility available be terminated, whereupon the amount available under the facility shall be reduced to zero forthwith; and/or that if any advance is outstanding, each advance and all interest accrued and all other sums payable under the facility letter be immediately due and payable whereupon the same shall become so due and payable. On or at any time after the making of the aforesaid declaration, the lender shall be entitled, to the exclusion of the Company, to select the duration of interest period(s) until the facility is repaid in full.
4. On 13 August 2013, the Company accepted the offer in a facility letter dated 23 July 2013, pursuant to which a 3-year term loan facility for an amount of HK\$500,000,000 or its equivalent in USD is made available for drawdown within 6 months from the acceptance date of the facility letter. Under the facility letter, it is (among other matters) an event of default if Mr. Cheung (i) save for certain exceptions, does not or ceases to hold (directly or indirectly) 35% or more of the beneficial shareholding interest, carrying 35% or more of the voting rights, in the issued capital of the Company; (ii) directly or indirectly, is not or ceases to be the single largest shareholder of the Company; and (iii) does not or ceases to have management control of the Company. After the occurrence of an event of default which is continuing, the lender may on and at any time by notice in writing to the Company declare that the facility has become immediately due and payable, whereupon the facility shall become immediately due and payable and any undrawn balance of the facility shall automatically be cancelled and no longer be available to the Company.
5. On 15 December 2014, the Company was granted a 36-month term loan facility for an aggregate amount of HK\$600,000,000 under a facility agreement, pursuant to which (among other matters) an event of default if Mr. Cheung (i) save for certain exceptions, does not or ceases to hold (directly or indirectly) 35% or more of the beneficial shareholding interest, carrying 35% or more of the voting rights, in the issued share capital of the Company; (ii) directly or indirectly, is not or ceases to be the single largest shareholder of the Company; or (iii) does not or ceases to have management control over the Company. Upon occurrence of an event of default, commitments of the lenders or any part thereof under the Facility Agreement may be cancelled, and/or all or any part of the loan together with accrued interest and all other amounts accrued or outstanding under the Facility may become immediately due and payable, and/or all or any part of the loan under the Facility may become payable on demand.

### REVIEW OF INTERIM RESULTS

The Audit Committee has discussed with the management and independent auditors the accounting policies and practices adopted by the Group, and has reviewed the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2015.

### APPRECIATION

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

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

Hong Kong, 27 August 2015

# Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015

		Six months ended 30 June	
		2015	2014
	Notes	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>REVENUE</b>	3, 4	<b>4,100,009</b>	4,787,032
Cost of sales		<b>(2,906,878)</b>	(3,221,661)
Gross profit		<b>1,193,131</b>	1,565,371
Other income and gains	4	<b>441,748</b>	581,971
Selling and distribution expenses		<b>(161,774)</b>	(176,160)
Administrative expenses		<b>(212,134)</b>	(174,406)
Other expenses		<b>(7,043)</b>	(38,192)
Finance costs		<b>(76,454)</b>	(83,189)
Share of profits and losses of:			
Joint ventures		<b>(23,228)</b>	(5,573)
Associates		<b>18,186</b>	(4,745)
<b>PROFIT BEFORE TAX</b>	5	<b>1,172,432</b>	1,665,077
Income tax expense	6	<b>(404,674)</b>	(748,849)
<b>PROFIT FOR THE PERIOD</b>		<b>767,758</b>	916,228
Attributable to:			
Owners of the parent		<b>587,650</b>	812,070
Non-controlling interests		<b>180,108</b>	104,158
		<b>767,758</b>	916,228
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	9		
Basic and diluted		<b>HK22.70 cents</b>	HK31.38 cents

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

# Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>767,758</b>	916,228
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Available-for-sale investments:		
Changes in fair value	<b>173,722</b>	27,729
Deferred tax	<b>(16,689)</b>	497
	<b>157,033</b>	28,226
Exchange fluctuation reserve:		
Release upon disposal of subsidiaries	–	(81,132)
Exchange differences on translation of foreign operations	<b>1,491</b>	(145,671)
	<b>1,491</b>	(226,803)
Share of other comprehensive income of joint ventures	<b>122</b>	166
Share of other comprehensive income of associates	<b>566</b>	(16,546)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<b>159,212</b>	(214,957)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>159,212</b>	(214,957)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>926,970</b>	701,271
Attributable to:		
Owners of the parent	<b>746,004</b>	616,490
Non-controlling interests	<b>180,966</b>	84,781
	<b>926,970</b>	701,271

# Consolidated Statement of Financial Position

30 June 2015

	Notes	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property and equipment	10	48,733	184,099
Investment properties		—	421,666
Prepaid land lease payments		—	121,068
Golf club membership		10,540	10,540
Investments in joint ventures		129,348	439,947
Investments in associates		1,462,624	1,503,311
Available-for-sale investments		686,463	690,448
Properties under development	10	5,393,131	7,324,735
Interests in land use rights for property development	10	761,681	961,336
Consideration receivable on disposal of a subsidiary		291,018	290,922
Deferred tax assets		169,078	147,076
<b>Total non-current assets</b>		<b>8,952,616</b>	<b>12,095,148</b>
<b>CURRENT ASSETS</b>			
Properties under development	10	11,823,328	18,993,862
Completed properties held for sale		4,555,296	6,084,612
Prepaid land lease payments		—	2,565
Prepayments, deposits and other receivables		1,789,114	1,965,948
Equity investments at fair value through profit or loss		890,135	848,057
Available-for-sale investments		—	38,789
Prepaid income tax and land appreciation tax		132,004	115,525
Deposits with brokerage companies		2,704	58,030
Pledged deposits		790,759	1,880,790
Restricted bank balances		1,227,905	1,357,267
Cash and cash equivalents		4,350,024	6,280,933
<b>Total current assets</b>		<b>25,561,269</b>	<b>37,626,378</b>
Assets of a disposal group classified as held for sale	7	15,085,208	—
<b>Total current assets</b>		<b>40,646,477</b>	<b>37,626,378</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	11	3,994,634	4,510,638
Other payables and accruals		11,598,559	11,930,179
Loans from non-controlling shareholders of subsidiaries		568,926	559,821
Interest-bearing bank and other borrowings	12	5,730,268	4,152,564
Tax payable		1,418,403	2,939,012
Consideration payable on acquisition of subsidiaries		1,100	18,847
<b>Total current liabilities</b>		<b>23,311,890</b>	<b>24,111,061</b>
Liabilities directly associated with a disposal group classified as held for sale	7	5,587,889	—
<b>Total current liabilities</b>		<b>28,899,779</b>	<b>24,111,061</b>
<b>NET CURRENT ASSETS</b>		<b>11,746,698</b>	<b>13,515,317</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>20,699,314</b>	<b>25,610,465</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	12	3,475,866	7,929,438
Deferred tax liabilities		79,404	1,136,902
<b>Total non-current liabilities</b>		<b>3,555,270</b>	<b>9,066,340</b>
<b>Net assets</b>		<b>17,144,044</b>	<b>16,544,125</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	13	258,822	258,822
Reserves		15,154,838	14,538,245
<b>Total equity</b>		<b>15,413,660</b>	<b>14,797,067</b>
<b>Non-controlling interests</b>		<b>1,730,384</b>	<b>1,747,058</b>
<b>Total equity</b>		<b>17,144,044</b>	<b>16,544,125</b>

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to owners of the parent								
	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Available-	Retained profits (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
				for-sale					
				investment revaluation reserve (Unaudited) HK\$'000					
At 1 January 2015	258,822	9,524,823*	2,107,508*	152,475*	2,588,167*	165,272*	14,797,067	1,747,058	16,544,125
Profit for the period	–	–	–	–	587,650	–	587,650	180,108	767,758
Other comprehensive income for the period:									
Changes in fair value of available-for-sale investments, net of tax	–	–	–	157,033	–	–	157,033	–	157,033
Share of other comprehensive income of joint ventures	–	–	122	–	–	–	122	–	122
Share of other comprehensive income of associates	–	–	566	–	–	–	566	–	566
Exchange differences on translation of foreign operations	–	–	633	–	–	–	633	858	1,491
Total comprehensive income for the period	–	–	1,321	157,033	587,650	–	746,004	180,966	926,970
Disposal of subsidiaries	–	–	–	–	–	–	–	(2,728)	(2,728)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	(194,912)	(194,912)
Final 2014 dividend approved	–	–	–	–	(129,411)	–	(129,411)	–	(129,411)
At 30 June 2015	258,822	9,524,823*	2,108,829*	309,508*	3,046,406*	165,272*	15,413,660	1,730,384	17,144,044
At 1 January 2014	258,822	9,524,823	2,346,424	152,051	1,728,452	174,587	14,185,159	1,665,251	15,850,410
Profit for the period	–	–	–	–	812,070	–	812,070	104,158	916,228
Other comprehensive income for the period:									
Changes in fair value of available-for-sale investments, net of tax	–	–	–	28,226	–	–	28,226	–	28,226
Share of other comprehensive income of joint ventures	–	–	166	–	–	–	166	–	166
Share of other comprehensive income of associates	–	–	(16,546)	–	–	–	(16,546)	–	(16,546)
Release of exchange fluctuation reserve upon disposal of subsidiaries	–	–	(81,132)	–	–	–	(81,132)	–	(81,132)
Exchange differences on translation of foreign operations	–	–	(126,294)	–	–	–	(126,294)	(19,377)	(145,671)
Total comprehensive income for the period	–	–	(223,806)	28,226	812,070	–	616,490	84,781	701,271
Final 2013 dividend approved	–	–	–	–	(116,470)	–	(116,470)	–	(116,470)
At 30 June 2014	258,822	9,524,823	2,122,618	180,277	2,424,052	174,587	14,685,179	1,750,032	16,435,211

\* These reserve accounts comprise the consolidated reserves of HK\$15,154,838,000 (31 December 2014: HK\$14,538,245,000) in the consolidated statement of financial position.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

		Six months ended 30 June	
		2015	2014
	Notes	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations		704,128	1,457,287
Tax paid, net		(482,677)	(604,044)
Interest paid		(332,850)	(348,273)
Net cash flows from/(used in) operating activities		(111,399)	504,970
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of subsidiaries that are not a business		(17,747)	(98,415)
Loans to a joint venture		(40,905)	(143,328)
Loan to a non-controlling shareholder of certain subsidiaries		(46,395)	(104,497)
Payment of land premium and related transaction costs		(22,426)	(496,968)
Proceeds from disposal of subsidiaries	14	—	1,480,703
Purchases of available-for-sale investments		(200,000)	(116,142)
Decrease/(increase) in pledged deposits		888,260	(865,342)
Deposits received in respect of disposal of subsidiaries		686,282	—
Other cash flows arising from investing activities		158,844	52,054
Net cash flows from/(used in) investing activities		1,405,913	(291,935)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	8	(129,411)	(116,470)
Dividends paid to non-controlling shareholders		(194,912)	—
Increase/(decrease) in advances from non-controlling shareholders		90	(524,856)
Repayment of bank and other borrowings, net		(2,558,522)	(146,060)
Net cash flows used in financing activities		(2,882,755)	(787,386)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		(1,588,241)	(574,351)
Cash and cash equivalents at beginning of period		6,280,933	5,706,852
Effect of foreign exchange rate changes, net		1,669	(41,951)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>4,694,361</b>	<b>5,090,550</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		4,140,931	4,867,571
Non-pledged time deposits with original maturity of less than three months when acquired		209,093	222,979
Cash and cash equivalents as stated in the consolidated statement of financial position		4,350,024	5,090,550
Cash and cash equivalents attributable to a disposal group classified as held for sale		344,337	—
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		4,694,361	5,090,550

## 1. BASIS OF PREPARATION

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

The unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2014.

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong, except for the adoption of the new and revised HKFRSs as disclosed in note 2 to the condensed consolidated financial statements.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
<i>Annual Improvements 2010-2012 Cycle</i>	Amendments to a number of HKFRSs
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs

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

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

## 3. OPERATING SEGMENT INFORMATION

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

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

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



# Notes to Condensed Consolidated Financial Statements

30 June 2015

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

Information regarding these reportable segments is presented below.

### Reportable segment information

For the six months ended 30 June (Unaudited)

	Property development and investment		Treasury investment		Total	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
<b>Segment revenue</b>						
Sales to external customers	3,870,525	4,791,316	229,484	(4,284)	4,100,009	4,787,032
<b>Segment results</b>	<b>734,729</b>	1,777,950	<b>528,408</b>	(18,329)	<b>1,263,137</b>	1,759,621
Corporate and unallocated income					319	3,040
Corporate and unallocated expenses					(14,570)	(14,395)
Finance costs					(76,454)	(83,189)
Profit before tax					<b>1,172,432</b>	1,665,077

## 4. REVENUE, OTHER INCOME AND GAINS

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

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>Revenue</b>		
Sale of properties	3,858,589	4,780,254
Gross rental income	11,936	11,062
Gains/(losses) on disposal of equity investments at fair value through profit or loss, net	217,726	(8,412)
Dividend income from equity investments	11,711	1,644
Interest income from debt investments	47	2,484
	<b>4,100,009</b>	4,787,032
<b>Other income and gains</b>		
Bank interest income	52,696	42,539
Other interest income	51,298	53,262
Compensation for termination of a joint venture project	22,797	—
Gain on disposal of subsidiaries (note 14)	—	466,952
Gain on disposal of investment properties	5,525	—
Fair value gains on investment properties	—	13,999
Fair value gains on equity investments at fair value through profit or loss, net	302,559	—
Others	6,873	5,219
	<b>441,748</b>	581,971

# Notes to Condensed Consolidated Financial Statements

30 June 2015

## 5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Cost of properties sold	2,904,929	3,219,692
Depreciation	14,454	12,280
Less: Amount capitalised	(1,339)	(1,453)
	<b>13,115</b>	10,827
Amortisation of prepaid land lease payments	1,280	1,277
Interest on bank and other borrowings	371,558	376,290
Less: Interest capitalised	(295,104)	(293,101)
	<b>76,454</b>	83,189
Employee benefit expense (including directors' remuneration):		
Wages and salaries	172,245	153,142
Pension scheme contributions	6,331	5,967
Less: Amount capitalised	(64,230)	(67,796)
	<b>114,346</b>	91,313

## 6. INCOME TAX

No Hong Kong profits tax has been provided as the Group does not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2014: Nil). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China.

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Current charge for the period		
Mainland China	193,349	421,720
Underprovision in prior periods		
Mainland China	298	1,039
Land appreciation tax charge for the period	234,093	455,615
Deferred tax	(23,066)	(129,525)
Total tax charge for the period	<b>404,674</b>	748,849

## 7. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 2 June 2015, the Group entered into a sale and purchase agreement with an independent third party to dispose of its 92% equity interest in Starthigh International Limited ("Starthigh", together with its subsidiaries, the "Starthigh Group") and a shareholder's loan owed by the Starthigh Group to the Group for a total consideration of RMB5,500,000,000 (equivalent to approximately HK\$6,968,500,000).

The Starthigh Group is principally engaged in property development and investment in Mainland China. The assets and liabilities of the Starthigh Group were classified as a disposal group held for sale and was presented separately in the consolidated statement of financial position as at 30 June 2015.

At 30 June 2015, assets of a disposal group classified as held for sale with a carrying amount of HK\$2,984,146,000 (31 December 2014: Nil) were pledged to secure the bank loans granted to the Starthigh Group, which were included in liabilities directly associated with a disposal group classified as held for sale.

# Notes to Condensed Consolidated Financial Statements

30 June 2015

## 8. DIVIDENDS

During the six months ended 30 June 2015, the Company declared a final dividend of HK\$0.05 per ordinary share amounting to HK\$129,411,000 for the year ended 31 December 2014 which was paid on 10 June 2015.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2015.

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

No interim dividend was declared for the six months ended 30 June 2014.

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

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

No adjustment has been made to the basic earnings per share presented for the six months ended 30 June 2015 and 2014 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share presented.

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

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	587,650	812,070
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	2,588,223,112	2,588,223,112

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

During the six months ended 30 June 2015, the Group incurred HK\$7,519,000 (six months ended 30 June 2014: HK\$30,379,000) on the additions of items of property and equipment.

During the six months ended 30 June 2015, the Group incurred HK\$4,270,174,000 (six months ended 30 June 2014: HK\$3,704,222,000) on the additions of properties under development.

During the six months ended 30 June 2015, the Group incurred HK\$22,426,000 (six months ended 30 June 2014: HK\$496,968,000) on the additions of interests in land use rights for property development.

## 11. TRADE AND BILLS PAYABLES

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

	30 June	31 December
	2015	2014
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within 1 year	3,994,634	4,510,638

**12. INTEREST-BEARING BANK AND OTHER BORROWINGS**

	30 June 2015 (Unaudited)			31 December 2014 (Audited)		
	Contractual interest rate	Maturity	HK\$'000	Contractual interest rate	Maturity	HK\$'000
<b>Current</b>						
Bank loans – secured	RMB base lending rate × (1 + 10% to 1 + 62%)/ HIBOR + 3.15% to HIBOR + 3.5%/ fixed rate of 7.38% to 7.39%	2015-2016	3,099,848	RMB base lending rate × (1 + 5% to 1 + 62%)/ HIBOR + 0.73% to HIBOR + 3.5%/ fixed rate of 7.39%	2015	3,295,056
Bank loans – unsecured	HIBOR + 4% to HIBOR + 4.25%	2015-2016	2,397,098	HIBOR + 4% to HIBOR + 4.25%	2015	685,110
Entrustment loans – secured	fixed rate of 9.68% to 11.3%	2015-2016	233,322	fixed rate of 9.68%	2015	172,398
			<u>5,730,268</u>			<u>4,152,564</u>
<b>Non-current</b>						
Bank loans – secured	RMB base lending rate × (1 + 15% to 1 + 62%)/ HIBOR + 3.15% to HIBOR + 3.5%/ fixed rate of 7.38% to 7.5%	2016-2018	2,363,296	RMB base lending rate × (1 + 10% to 1 + 62%)/ HIBOR + 3.15% to HIBOR + 3.5%/ fixed rate of 7.38% to 7.5%	2016-2022	4,443,502
Bank loans – unsecured	HIBOR + 4%	2016-2017	397,388	HIBOR + 4% to HIBOR + 4.25%	2016-2017	2,770,989
Entrustment loan – secured	fixed rate of 9.68%	2016	715,182	fixed rate of 9.68%	2016	714,947
			<u>3,475,866</u>			<u>7,929,438</u>
			<u>9,206,134</u>			<u>12,082,002</u>
Analysed into:						
Bank loans repayable:						
			5,730,268			4,152,564
			2,520,221			6,471,974
			955,645			1,390,280
			–			67,184
			<u>9,206,134</u>			<u>12,082,002</u>

**13. SHARE CAPITAL**

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Authorised:		
5,000,000,000 (31 December 2014: 5,000,000,000) ordinary shares of HK\$0.10 (31 December 2014: HK\$0.10) each	500,000	500,000
Issued and fully paid:		
2,588,223,112 (31 December 2014: 2,588,223,112) ordinary shares of HK\$0.10 (31 December 2014: HK\$0.10) each	258,822	258,822

# Notes to Condensed Consolidated Financial Statements

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## 14. DISPOSAL OF SUBSIDIARIES

### For the six months ended 30 June 2014

- a) On 13 November 2013, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 100% equity interest in Ho Yeung Group Limited (together with its subsidiary, the "Ho Yeung Group") and a shareholder's loan owed by the Ho Yeung Group to the Group at a total consideration of RMB1,425,480,000 (equivalent to HK\$1,827,747,000). The disposal of the Ho Yeung Group was completed on 15 January 2014.

Details of the net assets of the Ho Yeung Group disposed of and their financial impacts are summarised below:

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

An analysis of the net inflow of cash and cash equivalents for the six months ended 30 June 2014 in respect of the disposal of the Ho Yeung Group is as follows:

	HK\$'000
Cash consideration	1,827,747
Deposit received before 1 January 2014	(382,044)
Net inflow of cash and cash equivalents in respect of the disposal of the Ho Yeung Group for the six months ended 30 June 2014	1,445,703

- b) On 27 June 2014, the Group transferred its entire 100% equity interest in Victory Joy Investments Limited (together with its joint venture, the "Victory Joy Group") to an independent third party at a total consideration of HK\$35,000,000. The disposal was completed on the same date.

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

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

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

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

# Notes to Condensed Consolidated Financial Statements

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## 15. COMMITMENTS

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

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Contracted, but not provided for	<b>6,973,794</b>	7,857,548

The Group had the following share of a joint venture's own commitments in respect of property development expenditures, which is not included in the above, at the end of the reporting period:

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Contracted, but not provided for	<b>157,604</b>	87,891

## 16. CONTINGENT LIABILITIES

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

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Guarantees given to banks in connection with facilities granted to and utilised by an associate	<b>526,092</b>	526,092

## 17. FINANCIAL GUARANTEES

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

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Guarantees in respect of mortgage facilities provided for certain customers	<b>7,717,005</b>	7,072,739

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

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

# Notes to Condensed Consolidated Financial Statements

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## 18. SHARE-BASED PAYMENTS

The following share options were outstanding during the period:

Date of grant of share options*	Number of share options						Exercise period of share options	Exercise price of share options HK\$ per share	Closing price of the Company's shares** HK\$ per share
	At 1 January 2015	Granted during the period	Exercise during the period	Cancelled during the period	Lapsed during the period	At 30 June 2015			
07-05-2009	17,500,000	–	–	–	–	17,500,000	07-05-2009 to 06-05-2019	3.27	3.47
03-09-2010	40,939,000	–	–	–	–	40,939,000	03-09-2010 to 02-09-2020	3.31	3.19
03-09-2010	4,800,000	–	–	–	–	4,800,000	01-01-2011 to 02-09-2020	3.31	3.19
	63,239,000	–	–	–	–	63,239,000			

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

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

The Group did not recognise any share option expense during the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

## 19. PLEDGE OF ASSETS

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

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Property and equipment	81,632	84,346
Investment properties	34,415	193,605
Properties under development	22,007,883	16,019,055
Completed properties held for sale	378,869	481,152
Bank balances and time deposits	806,107	1,880,790
100% equity holding of a subsidiary	220,893	230,872

## 20. RELATED PARTY TRANSACTIONS

(a) The Group incurred rental expense of HK\$480,000 for the six months ended 30 June 2014 to a company which was under common control of a controlling shareholder of the Company. The rental was charged at rate mutually agreed between the Group and the related company. This company has been no longer related to the Group since 29 September 2014.

(b) Other transactions with related parties

(i) During the period, certain of the Group's buildings and prepaid land lease payments with an aggregate carrying amount of HK\$11,361,000 at 30 June 2015 (31 December 2014: HK\$11,934,000) were provided to a family member of a director for the operation of a school free of charge.

(ii) As at 30 June 2015, the Group executed guarantee amounting to HK\$526,092,000 (31 December 2014: HK\$526,092,000) to banks in connection with facilities granted to its associate.

(c) Outstanding balances with related parties

The Group's loans to its joint venture as at 30 June 2015 are HK\$237,870,000 (31 December 2014: HK\$393,593,000) of which HK\$228,965,000 (31 December 2014: Nil) was included in assets of a disposal group classified as held for sale. The Group's loans to its associate and amounts due to associates as at 30 June 2015 are HK\$1,002,785,000 and HK\$66,228,000, respectively (31 December 2014: HK\$997,897,000 and HK\$62,796,000, respectively).

**20. RELATED PARTY TRANSACTIONS** *(continued)*

- (d) Disposal of partial interest of Starhigh to Mr. Tsang Wai Choi ("Mr. Tsang")

As set out in the Company's announcement dated 7 April 2014, the Group and Mr. Tsang entered into an investment agreement, pursuant to which, Mr. Tsang would invest in Starhigh (a then wholly-owned subsidiary of the Company) by acquiring 240 shares in Starhigh (the "Starhigh Share Acquisition") at a consideration of HK\$93,600,000 and subscribing 1,600 shares in Starhigh (the "Starhigh Share Subscription") at a subscription price of HK\$624,000,000. On 17 December 2014, the Starhigh Share Acquisition was completed and the Group's equity interest in Starhigh was reduced from 100% to 92%. As at 30 June 2015, the Starhigh Share Subscription has not been completed.

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

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Short term employee benefits	<b>8,820</b>	7,950
Post-employment benefits	<b>426</b>	383
<b>Total compensation paid to key management personnel</b>	<b>9,246</b>	8,333

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

**21. FAIR VALUE MEASUREMENT**

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

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

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

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments on with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2015 was assessed to be insignificant. Management has assessed that the fair values of the non-current portion of interest-bearing bank and other borrowings approximate to their carrying amounts.



# Notes to Condensed Consolidated Financial Statements

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

The fair value of the unlisted available-for-sale equity investment measured at cost has been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to make estimates about the expected future cash flows including expected future dividends and proceeds on subsequent disposal of the shares. In the opinion of the Directors, the fair value of such investments cannot be measured reliably and the underlying fair values of investments were not less than their carrying values of the investments as at 30 June 2015.

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

Below is a summary of significant unobservable input to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of the reporting period:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
As at 30 June 2015 (Unaudited):				
Unlisted available-for-sale equity investments	Discounted market value	Discount for lack of marketability	25%	5% increase/(decrease) in marketability discount would result in decrease/(increase) in fair value by HK\$5,486,000
Loaned listed available-for-sale equity investment	Discounted market value	Discount for lack of marketability	10%	5% increase/(decrease) in marketability discount would result in decrease/(increase) in fair value by HK\$16,201,000
As at 31 December 2014 (Audited):				
Unlisted available-for-sale equity investments	Discounted market value	Discount for lack of marketability	25%	5% increase/(decrease) in marketability discount would result in decrease/(increase) in fair value by HK\$4,436,000
Loaned listed available-for-sale equity investment	Discounted market value	Discount for lack of marketability	10%	5% increase/(decrease) in marketability discount would result in decrease/(increase) in fair value by HK\$13,365,000

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

**21. FAIR VALUE MEASUREMENT** *(continued)***Fair value hierarchy**

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

**Assets measured at fair value:****As at 30 June 2015 (Unaudited)**

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Available-for-sale investments:				
Equity investments	686,463	—	373,974	1,060,437
Equity investments at fair value through profit or loss	890,135	—	—	890,135
	<b>1,576,598</b>	—	<b>373,974</b>	<b>1,950,572</b>
Less: Available-for-sale investments included in assets of a disposal group classified as held for sale	—	—	(373,974)	(373,974)
	<b>1,576,598</b>	—	—	<b>1,576,598</b>

**As at 31 December 2014 (Audited)**

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Available-for-sale investments:				
Equity investments	383,331	—	307,117	690,448
Debt investments	38,789	—	—	38,789
Equity investments at fair value through profit or loss	848,057	—	—	848,057
	<b>1,270,177</b>	—	<b>307,117</b>	<b>1,577,294</b>

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

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Available-for-sale investments:		
At 1 January	307,117	60,915
Total gains/(losses) recognised in other comprehensive income	66,857	(4,125)
At 30 June	<b>373,974</b>	56,790

The Group did not have any financial liabilities measured at fair value as at 30 June 2015 and 31 December 2014.

During the six months ended 30 June 2015, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2014: Nil).

## 22. EVENTS AFTER THE REPORTING PERIOD

- (i) The disposal of the Group's 92% equity interest in Starthigh as set out in note 7 to the condensed consolidated financial statements was completed on 17 July 2015 and the Group expects to record a gain on disposal after tax of approximately HK\$295,500,000.
- (ii) On 24 July 2015, the Group entered into a sale and purchase agreement with an independent third party to dispose of its 100% equity interest in Joyview Group Limited (together with its subsidiaries, the "Joyview Group") and a shareholder's loan owed by the Joyview Group to the Group for a total consideration of RMB2,103,053,000 (equivalent to approximately HK\$2,664,568,000). The Joyview Group is principally engaged in property development and investment in Mainland China. As at the date of approval of these unaudited interim condensed consolidated financial statements, the disposal of the Joyview Group has not been completed.

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

These unaudited interim condensed consolidated financial statements were approved by the board of directors on 27 August 2015.