



Logan Property Holdings Company Limited
龍光地產控股有限公司
(Incorporated in the Cayman Islands with limited liability)

BUILDING **A** 专筑美好生活
BETTER LIFE



INTERIM REPORT 2015

(Stock Code: 3380)



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COMPANY PROFILE

Logan Property Holdings Group Limited is a property developer in the PRC focusing on the residential property market, with products that are primarily target first-time homebuyers and upgraders. In 2015, the Group was ranked the 38th-largest property developer in the PRC in terms of overall business strengths. Logan Property had residential development projects in 14 cities in economically prosperous and emerging regions of the PRC such as Guangdong and Guangxi Provinces. Logan Property has established a land bank comprising land the Group has acquired at competitive prices, and strives to build its land bank by establishing and expanding its presence in economic regions which the Group believes hold high growth potential. As of 30 June 2015, the Group has 94 projects at various stages of development in 14 cities and a land bank with an aggregate GFA of 12.93 million square meters. Logan Property has been assigned first-time ratings of “Ba3” and “BB-” with a Stable Outlook by Moody’s and Fitch, respectively. Based on publicly available information, among Hong Kong-listed Chinese property developers, Logan Property received the best first-time credit ratings in the last three years. In 2015, Moody’s and Fitch have affirmed their ratings of “Ba3” and “BB-” respectively with a Stable Outlook, demonstrating market recognition of the Group’s “low cost, high profit” core strength. Logan Property is a constituent stock in the MSCI (Morgan Stanley Capital Investment) China Small Cap Index Series and Hang Seng Composite LargeCap/MediumCap Index. Subsequently, Logan Property is also included on the list of eligible stocks for southbound trading of the Shanghai-Hong Kong Stock Connect. Meanwhile, Logan Property is also a constituent stock in Hang Seng Low Volatility Index and Hang Seng High Beta Index.

The Group was awarded a number of honours by various independent institutions, including Top 5 in a financial security ranking jointly issued by the Beijing Beta Consulting Centre and Capital Week, “China Top 100 Real Estate Developers 2015 – Top 10 by Profitability” jointly bestowed by the Enterprise Research Institute of Development Research Centre of the State Council, the Institute of Real Estate Studies of Tsinghua University and China Index Academy, as well as “The Highest Development Potential Real Estate Enterprise” by Hexun.com.

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Kei Hoi Pang (紀海鵬) (*Chairman*)

Mr. Ji Jiande (紀建德)

Mr. Xiao Xu (肖旭)

Mr. Lai Zhuobin (賴卓斌)

Non-executive Director

Ms. Kei Perenna Hoi Ting (紀凱婷)

Independent Non-executive Directors

Mr. Zhang Huaqiao (張化橋)

Ms. Liu Ka Ying, Rebecca (廖家瑩)

Mr. Cai Suisheng (蔡穗聲)

AUDIT COMMITTEE

Ms. Liu Ka Ying, Rebecca (*Chairman*)

Mr. Cai Suisheng

Mr. Zhang Huaqiao

REMUNERATION COMMITTEE

Mr. Zhang Huaqiao (*Chairman*)

Mr. Kei Hoi Pang

Ms. Liu Ka Ying, Rebecca

NOMINATION COMMITTEE

Mr. Kei Hoi Pang (*Chairman*)

Mr. Zhang Huaqiao

Ms. Liu Ka Ying, Rebecca

COMPANY SECRETARY

Ms. Li Yan Wing, Rita

AUDITOR

KPMG

REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681, Grand Cayman

KY1-1111, Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 2002, Tower B, Logan Century Center

Xinghua Road South

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Shenzhen, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit Nos.02-03A of level 68,

International Commerce Centre,

1 Austin Road West Kowloon,

Hong Kong

COMPANY'S WEBSITE

<http://www.loganestate.com>

AUTHORIZED REPRESENTATIVES

Ms. Li Yan Wing, Rita

Ms. Kei Perenna Hoi Ting

PRINCIPAL SHARE REGISTRAR

Codan Trust Company (Cayman) Limited

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P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

PRINCIPAL BANKER

Industrial and Commercial Bank of China (Asia) Limited

33/F, ICBC Tower

3 Garden Road, Central

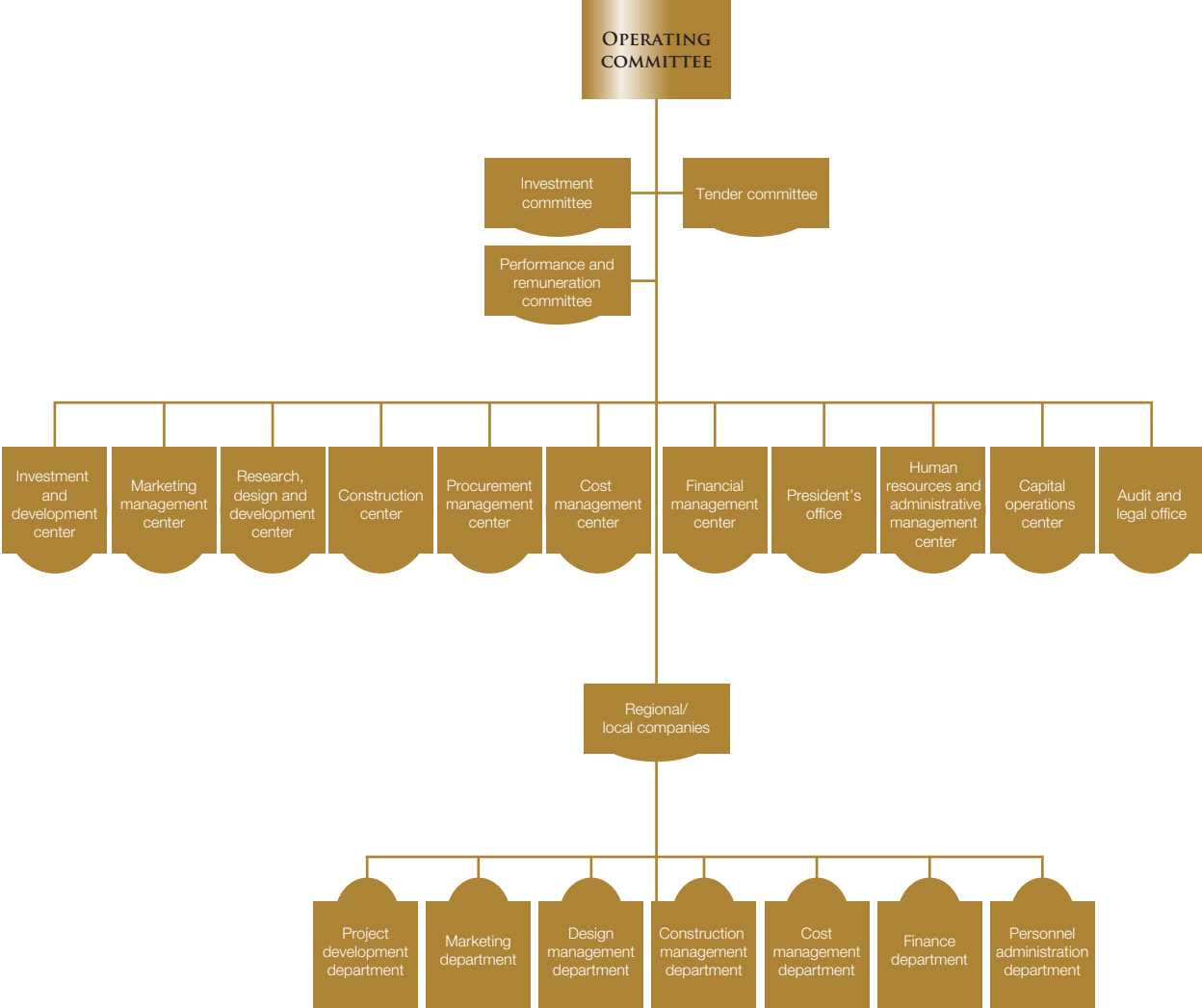
Hong Kong

LISTING INFORMATION

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited

(Stock Code: 3380.HK)

CORPORATE STRUCTURE



CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the board of directors (the "Board"), I am pleased to present the business review and prospects of Logan Property Holdings Company Limited ("Logan Property" or the "Company") and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2015.

RESULTS AND RATINGS

For the six months ended 30 June 2015, the Group recorded contracted sales of approximately RMB8.41 billion, representing a significant increase of approximately 51.8% as compared with the corresponding period of 2014. Contracted saleable GFA amounted to 1,245,000 sq.m.. Revenue for the six months ended 30 June 2015 amounted to RMB5,156.1 million, representing an increase of approximately 7.9% as compared with the corresponding period of 2014. Profit attributable to equity shareholders for the six months ended 30 June 2015 was RMB1,031.3 million, representing a decrease of approximately 19.8% as compared with the corresponding period of 2014. Core Profit for the six months ended 30 June 2015 was approximately RMB692.0 million, representing an increase of approximately 1.8% as compared with the corresponding period of 2014. Core profit margin was 13.4%.

In the first half of 2015, Logan Property's performance in residential property development and its sound business model and financial position continued to be widely recognized by the investment sector and capital market. In the first half of 2015, both international authorized rating agencies, Moody's and Fitch, affirmed their ratings of Ba3 and BB- with a stable outlook to Logan Property, respectively. Both agencies recognized the Group's stable business model and geographic advantage in Pearl River Delta and Guangdong and Guangxi provinces. Logan Property was named as one of the "Top 10 Chinese Real Estate Company Listed in Hong Kong in terms of Investment Value in 2015 (二零一五中國大陸在港上市房地產公司投資價值 TOP10)" compiled by the "China Top 10 Real Estate Research Committee (中國房地產 TOP10 研究組)" which was jointly organized by the Enterprise Research Institute of Development Research Center of the State Council, the Institute of Real Estate Studies of Tsinghua University and other research institutes for the first time. In addition, the Group has been named as one of the "China Top 100 Real Estate Developers" jointly bestowed by the Enterprise Research Institute of Development Research Center of the State Council, the Institute of Real Estate Studies of Tsinghua University and the China Index Academy for the fifth consecutive year since 2011. In 2015, the Group ranked 38th, a higher ranking than in 2014 and a historical high for Logan Property. Its brand influence has been continuously enhanced. Moreover, the Company was also named a "2015 China Top 100 Real Estate Developer – Top 10 by Profitability".

MARKET REVIEW AND SALES PERFORMANCE

In the first half of 2015, China's economic growth slowed down under the new normal conditions. As the Chinese central government pursued a further adjustment of the country's economic structure to stimulate future economic growth, the fundamentals of economic development were further strengthened. With a series of major state initiatives aimed at stabilizing economic growth, promoting reforms, adjusting the country's economic structure and improving people's livelihoods, economic growth remained within a reasonable range, with major economic indicators at stable and favourable levels in the first half of the year. As a pillar of China's economy, the real estate industry has been active with the relaxing of the overall regulatory environment. A combination of various factors – including the “330 New Policy”, a policy on the borrowing of welfare funds and the lowering of interest rates and requirement reserve ratio by the central bank on three occasions during the year – has stimulated demand from homebuyers and upgraders. In the first half of 2015, the property market recovered gradually. In particular, the prices and quantities of residential properties increased in the second quarter, which significantly contributed to the recovery of the property market in the first half of the year. The Group develops products targeting first-time homebuyers and upgraders which is in line with the favourable market conditions. Of the contracted sales units in the first half of 2015, more than 84% were with GFA less than 120 sq.m.. In terms of payment method, approximately 82% of contracted sales units in the first half of 2015 were settled by mortgage down payment and instalments. Cash collection rate was approximately 85%.

In addition to accurate product positioning, the geographic distribution of its land bank has helped the Group to record outstanding results compared to its peers during the six months ended 30 June 2015. In the overall market, the recovery was most significant in first-tier cities. With the integrated development of the Pearl River Delta, the real estate market in Shenzhen experienced the strongest recovery. Due to a shortage in supply and a high proportion of homebuyers, demand has risen rapidly in Shenzhen with the introduction of favourable policies. In addition, property prices rose considerably in the second quarter in view of the relatively rapid economic transformation in Shenzhen. Out of Logan Property's existing land bank of 12.93 million sq.m., 51% is located in the Pearl River Delta and other areas showing high rates of economic growth, and 35% of the land bank caters to the Shenzhen demand. Acesite Mansion (玖龍璽), a project in Shenzhen acquired through a public tendering, auction and listing process at the end of October 2014, is expected to launch for pre-sale in the fourth quarter of the year. This project is built atop a metro station in Longhua district, a new core area of Shenzhen, being only one station away from Shenzhen North Railway Station and 28 minutes from West Kowloon, Hong Kong upon completion of the High Speed Rail Link. With the strategic positioning as the garden oasis in the Futian CBD, the project not only enjoys highly-developed commercial and community facilities in Futian, but also offers natural environment from the surrounding Tanglang Mountain and Yinhu Mountain. In view of the potential value of the Longhua area, it is expected that Acesite Mansion (玖龍璽) will make a substantial contribution to the future growth of the Group. In respect of Logan City, its major flagship project with a total GFA of 5 million sq.m., more than 4,000 units were sold during the six months ended 30 June 2015, with the total number of units sold since launch to date standing at over 13,000. This project offers beautiful natural setting of mountain and a lake, with the support of a well-established transportation network and comprehensive ancillary facilities. A new bus route that specially serves the community was launched on 30 April 2015, which further improves the transportation network between Longgang, Futian and Luohu and will further attract homebuyers in Shenzhen. During the six months ended 30 June 2015, contracted sales of the Group were principally generated from Shenzhen, Zhongshan, Foshan, Nanning and Shantou, etc. Its projects in Shenzhen Pingshan district, Shantou and Nanning remained the top sellers in their respective markets. Its new pre-sale projects set for launch in the third and fourth quarters include Acesite Mansion (玖龍璽) in Shenzhen Longhua; North Phase 4 and North Phase 8 of Logan City in Shenzhen; Phase 10 of Nanning Provence and Phases 2 and 3 of Royal & Seaward Sunshine Palace in Shantou, which may provide quality and sufficient saleable resources for the second half of the year. With its existing quality land resources, its strategy of focusing on regions in which the Group has established business operations and delivering quality residential properties as well as accurate market positioning, the Group has established a solid foundation for its sales performance.

LAND ACQUISITION

Focusing on regions with established business and inelastic demand, the Group has expanded its businesses and consolidated its market position in the existing markets with competitive advantages in the Pearl River Delta region and Guangdong and Guangxi provinces. During the six months ended 30 June 2015, the Group continued to replenish its land bank in a timely manner and acquired sufficient saleable resources through public tendering, auction and listing. In the first half of 2015, the Group acquired two new projects offering a total GFA of 149,894 sq.m. through public tendering, auction and listing in the core regions of Zhuhai and Nanning. The average cost of the newly acquired land was approximately RMB7,178 per sq.m.. As of 28 August 2015, 5 projects were newly acquired with total GFA of approximately 1.11 million sq.m. and average land cost of RMB3,221 per sq.m.

In January 2015, the Group successfully acquired a land parcel in Gongbei, Zhuhai with a total GFA of 80,600 sq.m. at a total land price of RMB978 million. This land parcel is located next to the Qianshan River, and offers marvellous scenery and comprehensive ancillary facilities. It is also adjacent to the Gongbei Port in Zhuhai, Zhuhai Light Rail Station and the entryway to the Hong Kong-Zhuhai-Macau Bridge, giving a significant advantage in transportation infrastructure. In June 2015, the Group successfully acquired a land parcel for residential and commercial use in the Jiangnan district of Nanning with a total GFA of 69,300 sq.m. at a total consideration of RMB97,950,000. This land parcel is adjacent to luxury property projects and offers a comfortable living environment, extensive educational resources and convenient transportation. In addition, this land parcel is adjacent to its existing project, Nanning Provence, which will be developed as Phase 10 to further expand the area of Nanning Provence and to consolidate its market position in Nanning.

As at 30 June 2015, the total land bank of the Group amounted to approximately 12.93 million sq.m. with an average land cost of approximately RMB1,478 per sq.m., including one project acquired through equity acquisition and the remaining acquired through public tendering, auction and listing. The land bank is expected to be sufficient for the Group's development for the next five to six years. Of the Group's total land bank, 51% is located in the Pearl River Delta, the most economically prosperous region in China, with 35% catering to Shenzhen market; the Group also has 26% of the land bank located in the Guangxi region (mainly Nanning). This will allow the Group to capture opportunities arising from market consolidation in the future, and to focus on regions with competitive advantages and to further enhance its market position.

FINANCIAL MANAGEMENT

As at 30 June 2015, the Group had cash and bank balances (including restricted and pledged deposits) of approximately RMB6,651.9 million. The Group's net debt-to-equity ratio was at approximately 61.9%. For the six months ended 30 June 2015, the average borrowing cost of the Group was 9.0% per annum, representing an increase of 0.6 percentage points as compared with that of the corresponding period of 2014. This was primarily due to the issuance of a total of US\$550 million in two tranches of senior notes at coupon rates of 11.25% and 9.75% per annum in May and December 2014, respectively, which was counted for the entire period during the period for the first time.

During the six months ended 30 June 2015, the Group persisted in following a prudent financial strategy to stabilize its financing costs and ensure the healthy growth of the Group.

In August 2015, the Group's wholly-owned subsidiary, Shenzhen Youkai Investment Co., Ltd. ("Shenzhen Youkai"), upon approval by the China Securities Regulatory Commission, issued two tranches of domestic corporate bonds with an aggregate amount of RMB5 billion. The first tranche of the bond with size of RMB4 billion was issued with a coupon rate of 5% and a term of 5 years, at the end of the third year, Shenzhen Youkai as the issuer shall be entitled to adjust coupon rate and the investor shall be entitled to sell back the bonds, while the second tranche was of RMB1 billion with a coupon rate of 4.77% and a term of 4 years, at the end of the second year, the issuer shall be entitled to adjust coupon rate and the investor shall be entitled to sell back the bonds. The proceeds will be used for repaying bank debts and replenishing general working capital. The issuance has received "AA" rating and was well-received by the market with satisfactory coupon rate, reflecting the recognition of the Company by domestic and overseas investors.

CHAIRMAN'S STATEMENT

Capitalising on the loosening of regulations on issuing onshore corporate bonds, the two tranches of issuance will broaden the Groups' financing channels, lower its financing costs, improve its debt structure and continue to enhance the overall financial strengths of the Group.

PROSPECTS

China's economic growth has slowed down due to structural transformation. With the implementation of a series of reform policies, it is expected that the China's economy will be further consolidated and strengthened in the second half of the year 2015. Looking ahead to the second half of the year, monetary and credit policy are expected to remain stable and will be further relaxed. Demand will rebound, and destocking will carry on gradually. The pressure of oversupply will improve. The property market is anticipated to grow at a stable pace, and sales are expected to continue to rebound in the second half of the year.

In the second half of the year, the Group will launch more new projects which are situated in premium locations and satisfy market needs. By persisting in following a strategy of active marketing with quick turnover, the Group has continued to focus on destocking to ensure its sound financial position. In respect of the expansion of its land bank, the Group is committed to the principle of making both ends meet and prudent investment. As for its existing markets with established market positions and brand advantages, the Group will increase its investment in first-tier cities such as Shenzhen and Guangzhou as well as regions boasting high economic growth in the Pearl River Delta and Guangdong and Guangxi provinces. Continuous efforts will be made to replenish quality land parcels, consolidate its market share and strengthen the strategic layout of the Group. The Group will also focus on first-tier and leading second-tier cities as well as the surrounding regions, and put emphasis on the Beijing-Tianjin-Hebei region and the Haixi region. At the same time, the Group is keeping an open mind in welcoming quality partners for collaboration, in order to realize a win-win result.

Looking forward, the Group will continue to focus largely on projects targeting upgraders and first-time homebuyers and catering to inelastic demand. Logan Property will strive to establish its core competitiveness by adopting a "light-asset" and "quick turnover" business model. In particular, the Group will accelerate the turnaround time of projects to achieve rapid cash returns. Focusing on the quality of projects, the Group will further consolidate its advantage in cost control to ensure a reasonable profit margin. In order to refine the division of responsibilities, motivate the employees of the Group, enhance its management and better serve its customers, the Group will enhance internal controls, optimize the value of projects and improve customer satisfaction. By further enhancing its brand reputation, the Group will gain recognition from the market and its customers and will strive to capture the substantial growth opportunities arising from market trends in order to maximize the value of the Company and the returns to shareholders.

ACKNOWLEDGMENTS

On behalf of the Board, I hereby express my gratitude to all shareholders, business partners and customers for their long-term support and trust, and thank all members of the management and staff for their dedication and commitment, which have contributed to the Group's remarkable results. The Group will aim to build a better life and promote long-term development by taking advantage of its competitive edges and will generate sustainable returns for its shareholders as a whole.

Kei Hoi Pang

Chairman

Hong Kong
28 August 2015

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

For the six months ended 30 June 2015, the revenue and gross profit of the Group were RMB5,156.1 million and RMB1,535.3 million, representing increases of approximately 7.9% and 6.1% as compared with the corresponding period of 2014, respectively. Profit for the six months ended 30 June 2015 attributable to the equity shareholders was RMB1,031.3 million, representing a decrease of approximately 19.8% as compared with the corresponding period of 2014. For the six months ended 30 June 2015, the core profit which represents profit for the period net of changes in fair value of investment properties and derivative financial instruments and the relevant deferred tax ("Core Profit") amounted to RMB692.0 million, representing an increase of approximately 1.8% as compared with the corresponding period of 2014. Basic earnings per share was RMB0.21 (the corresponding period of 2014: RMB0.26).

As at 30 June 2015, the net debt-to-equity ratio of the Group was 61.9%.

PERFORMANCE HIGHLIGHTS

	For the six months ended 30 June		
	2015	2014	Changes %
Contracted sales (RMB'000)	8,413,603	5,540,900	51.8%
Contracted saleable GFA (sq.m.) ¹	1,245,002	758,710	64.1%
Contracted average selling price ("ASP") (RMB/sq.m.) ¹	6,624	7,045	-6.0%
Revenue	5,156,121	4,779,750	7.9%
Among which: sales of properties			
– Revenue from properties delivered (RMB'000)	5,070,666	4,574,570	10.8%
– GFA of properties delivered (sq.m.) ¹	828,739	544,082	52.3%
– ASP of properties delivered (RMB/sq.m.) ¹	6,255	7,108	-12.0%
Rental income (RMB'000)	27,626	31,242	-11.6%
Construction income (RMB'000)	57,829	173,938	-66.8%
Gross profit (RMB'000)	1,535,307	1,447,162	6.1%
Profit for the period			
– Attributable to shareholders (RMB'000)	1,031,277	1,286,303	-19.8%
– Attributable to non-controlling interests (RMB'000)	43,537	30,926	40.8%
Profit for the period (excluding changes in fair value of investment properties and derivative financial instruments and the relevant deferred tax)	691,968	679,637	1.8%
– Attributable to shareholders (RMB'000)	648,431	648,711	-0.0%
– Attributable to non-controlling interests (RMB'000)	43,537	30,926	40.8%

MANAGEMENT DISCUSSION AND ANALYSIS

	As at 30 June 2015	As at 31 December 2014	Changes %
Total assets (RMB'000)	45,827,506	44,835,753	2.2%
Cash and bank balances (including cash and cash equivalents and restricted and pledged deposits) (RMB'000)	6,651,910	7,514,463	-11.5%
Total bank and other borrowings (including bank and other loans and senior notes) (RMB'000)	15,312,062	16,265,362	-5.9%
Total equity (RMB'000)	13,982,232	13,317,018	5.0%
Key financial ratios			
Gross profit margin ⁽¹⁾	29.8%	30.3%	
Core profit margin ⁽²⁾	13.4%	14.2%	
Net debt to equity ratio ⁽³⁾	61.9%	65.7%	
Gearing ratio ⁽⁴⁾	69.5%	70.3%	
Average borrowing cost per annum ⁽⁵⁾	9.0%	8.4%	

1. Excluding the GFA of car parking spaces.

Notes:

(1) Gross profit margin: $\text{Gross profit} \div \text{revenue} * 100\%$

(2) Core profit margin: $\text{Core profit} \div \text{revenue} * 100\%$

(3) Net debt to equity ratio: $(\text{Total bank and other borrowings} - \text{cash and bank balances}) \div \text{total equity} * 100\%$

(4) Gearing ratio: $\text{Total liabilities} \div \text{total assets} * 100\%$

(5) Average borrowing cost: $\text{Borrowing cost} \div \text{average loan balance} * 100\%$

PROPERTY DEVELOPMENT

Contracted sales

For the six months ended 30 June 2015, the Group recorded contracted sales of approximately RMB8,413.6 million, representing a significant increase of approximately 51.8% as compared with approximately RMB5,540.9 million in the corresponding period of 2014. The contracted saleable GFA (excluding car parking spaces) was 1,245,000 sq.m. in the first half of 2015, representing a significant increase of approximately 64.1% as compared with 759,000 sq.m. in the corresponding period of 2014. The ASP for the six months ended 30 June 2015 was RMB6,624 per sq.m.⁽¹⁾, representing a decrease of approximately 6% as compared with RMB7,045 per sq.m. in the corresponding period of 2014. The decrease was mainly due to changes in the product mix sold. For the six months ended 30 June 2015, Shenzhen region, other regions of Pearl River Delta⁽²⁾, Shantou region, Guangxi region and other regions accounted for approximately 27.9%, 28.1%, 22.6%, 18.1% and 3.3% of the contracted sales, respectively.

	Contracted sales in the first half of 2015				ASP (excluding car parking spaces) (RMB/sq.m.)
	Amount (RMB million)	Percentage	GFA ⁽¹⁾ (sq.m.)	Percentage	
Shenzhen region	2,349.0	27.9%	395,982	31.8%	5,931
Other regions of Pearl River Delta⁽²⁾	2,363.7	28.1%	347,455	27.9%	6,290
Shantou region	1,901.0	22.6%	232,969	18.7%	8,007
Guangxi region	1,520.8	18.1%	219,450	17.6%	6,561
Other regions	279.1	3.3%	49,146	4.0%	5,400
Total	8,413.6	100%	1,245,002	100%	6,624

(1) Excluding car parking spaces

(2) Excluding Shenzhen region

REVENUE FROM SALES OF PROPERTIES

For the six months ended 30 June 2015, the revenue from sales of properties amounted to RMB5,070.7 million, representing an increase of approximately 10.8% as compared with RMB4,574.6 million as compared with the corresponding period of 2014 and accounting for 98.3% of the total revenue. GFA with recognized income (excluding car parking spaces) increased by approximately 52.3% to 828,739 sq.m. for the six months ended 30 June 2015 from 544,082 sq.m. as compared with the corresponding period of 2014. Shenzhen region, other regions of Pearl River Delta⁽²⁾, Shantou region, Guangxi region and other regions contributed to the recognized income from sales of properties in the first half of 2015, accounting for approximately 24.9%, 45.4%, 4.0%, 22.7% and 3.0%, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

	Revenue from sales of properties in the first half of 2015				ASP
	Amount (RMB million)	Percentage	GFA ⁽¹⁾ (sq.m.)	Percentage	(excluding car parking spaces) (RMB/sq.m.)
Shenzhen region	1,264.1	24.9%	231,180	27.9%	5,683
Other regions of Pearl River Delta⁽²⁾	2,302.1	45.4%	348,787	42.1%	6,842
Shantou region	203.5	4.0%	11,884	1.4%	15,530
Guangxi region	1,152.4	22.7%	220,655	26.6%	5,187
Other regions	148.6	3.0%	16,233	2.0%	8,106
Total	5,070.7	100%	828,739	100%	6,255

(1) Excluding car parking spaces

(2) Excluding Shenzhen region

Newly commenced projects

As at 30 June 2015, the Group commenced construction of a total of six projects or project phases, with a total planned GFA of approximately 854,682 sq.m..

Completed projects

As at 30 June 2015, the Group completed eight projects or project phases with a total planned GFA of approximately 1,062,228 sq.m..

Developing projects

As at 30 June 2015, the Group had a total of 26 projects or project phases under construction with a total planned GFA of approximately 4,769,490 sq.m..

Land bank

For the six months ended 30 June 2015, there were two newly acquired projects in total, with a total GFA of 149,894 sq.m.. The average cost of land acquired was approximately RMB7,178 per sq.m..

As at 28 August 2015, there were five newly acquired projects in total, with a total GFA of 1,111,972 sq.m.. The average cost of land acquired was approximately RMB3,221 per sq.m..

List of Projects Newly Acquired as at 28 August 2015

No.	City	Project name	Date of acquisition	Interest	Site area (sq.m.)	Total GFA (sq.m.)	Land cost (RMB million)	Average land cost (RMB per sq.m.)
1	Zhuhai	Jiulong Bay Garden 九龍灣名園	2015.01.28	100%	15,877	80,607	978	12,133
2	Nanning	Provence Phase 10 普羅旺斯 10 期	2015.06.16	100%	15,622	69,287	98	1,414
3	Shantou	East Coast Project 東海岸項目	2015.07.14	100%	131,244	401,478	1,416	3,527
4	Nanning	Wuxiang New District Project 五象新區項目	2015.07.24	100%	79,454	302,600	618	2,043
5	Nanning	Wuxiang New District Project 五象新區項目	2015.07.24	100%	62,858	258,000	471	1,826
Total					305,055	1,111,972	3,581	3,221

As at 30 June 2015, the total GFA of the land bank of the Group amounted to approximately 12.93 million sq.m., the average cost of land bank was RMB1,478 per sq.m., and 51.3% of our land bank was located in Pearl River Delta, the most prosperous area in the PRC. Shenzhen region, other regions of Pearl River Delta, Shantou region, Guangxi region and other regions accounted for approximately 34.6%, 16.7%, 12.5%, 26.1% and 10.1%.

Land Bank Distribution as at 30 June 2015

	GFA (sq.m.)	Percentage
Shenzhen region	4,479,704	34.6%
Other regions of Pearl River Delta⁽¹⁾	2,163,325	16.7%
Shantou region	1,610,819	12.5%
Guangxi region	3,370,593	26.1%
Other regions	1,309,667	10.1%
Total	12,934,108	100%

(1) Excluding Shenzhen region

PROPERTY INVESTMENTS

Rental income

The rental income of the Group for the six months ended 30 June 2015 amounted to RMB27.6 million, representing a decrease of approximately 12% as compared with the corresponding period of 2014.

Investment properties

As at 30 June 2015, the Group had 12 investment properties with a total GFA of approximately 166,686 sq.m.. Under the investment property portfolio of the Group, 11 investment properties with a total GFA of approximately 116,686 sq.m. have been completed and the remaining one was under development.

Financial Review

(I) Revenue

Revenue of the Group for the six months ended 30 June 2015 amounted to RMB5,156.1 million, representing an increase of approximately RMB376.4 million, or approximately 7.9%, as compared with the corresponding period of 2014, primarily due to the increase in revenue from sales of properties as compared with the corresponding period of 2014. Revenue from sales of properties for the six months ended 30 June 2015 amounted to approximately RMB5,070.7 million, representing an increase of approximately 10.8% as compared with approximately RMB4,574.6 million of the corresponding period of 2014.

Details of the revenue from sales of properties by project are as follows:

Project name	For the six months ended 30 June			
	2015		2014	
	Area ⁽¹⁾ (sq.m.)	Amount ⁽²⁾ (RMB'000)	Area ⁽¹⁾ (sq.m.)	Amount ⁽²⁾ (RMB'000)
Shantou Seaward Sunshine (汕頭 尚海陽光)	11,884	198,600	17,162	849,851
Shantou Sunshine Castle (汕頭 陽光華府)	–	2,026	170	1,490
Shantou Flying Dragon Garden (汕頭 龍騰熙園)	–	2,824	–	413
Shenzhen Logan City (深圳 龍光城)	231,180	1,263,557	207,308	1,049,796
Huizhou Sky Palace (惠州 天悅龍庭)	57,969	223,124	307	3,360
Huizhou Grand Riverside Bay (惠州 水悅龍灣)	45,609	278,770	–	–
Guangzhou Landscape Residence (廣州 峰景華庭)	–	7,378	–	–
Guangzhou Palm Waterfront (廣州 棕櫚水岸)	4,420	61,136	5,701	78,578

MANAGEMENT DISCUSSION AND ANALYSIS

Project name	For the six months ended 30 June			
	2015		2014	
	Area ⁽¹⁾ (sq.m.)	Amount ⁽²⁾ (RMB'000)	Area ⁽¹⁾ (sq.m.)	Amount ⁽²⁾ (RMB'000)
Shunde Grand View (順德 水悅雲天)	1,467	10,908	3,894	35,795
Foshan Grand Riverside Bay (佛山 水悅龍灣)	33,514	212,774	21,522	398,210
Foshan Joy Palace (佛山 君悅龍庭)	48,227	323,184	–	–
Zhuhai Easy Life (珠海 海悅雲天)	–	6,933	–	7,378
Zhongshan Grasse Vieille Ville (中山 海悅城邦)	–	1,623	83,250	546,159
Zhongshan Ocean Grange (中山 海悅熙園)	388	11,628	–	–
Zhongshan Grand Garden (中山 水悅熙園)	11,538	67,316	–	–
Zhongshan Ocean Vista Residence (中山 海悅華庭)	61,673	470,312	–	–
Dongguan Imperial Summit Sky Villa (東莞 君御旗峰)	29,958	259,148	16,260	159,005
Dongguan Royal Castle (東莞 君御華府)	54,024	367,850	–	–
Shenzhen Sky Palace (深圳 天悅龍庭)	–	505	–	1,037
Shenzhen Grand Joy Palace (深圳 君悅龍庭)	–	69	–	2,543
Nanning Provence (南寧 普羅旺斯)	18,010	222,377	23,416	200,052
Nanning Grand Riverside Bay (南寧 水悅龍灣)	39,946	274,884	62,857	420,999
Chengdu Sky Palace (成都 天悅龍庭)	16,233	148,624	102,235	819,904
Fangchenggang Sunshine Seaward (防城港 陽光海岸)	162,699	655,116	–	–
Total	828,739	5,070,666	544,082	4,574,570

(1) Excluding the GFA attributable to the car parking spaces.

(2) Including revenue from sales of car parking spaces.

(II) Direct costs

For the six months ended 30 June 2015, the direct costs of the Group increased by approximately RMB288.2 million, or approximately 8.6%, as compared with the corresponding period of 2014, primarily due to the increase in direct costs from sales of properties resulting from the increase in areas of properties delivered and the expansion of business scale as compared with the corresponding period of 2014. Key components of costs are as follows:

	For the six months ended 30 June		
	2015 RMB'000	2014 RMB'000	Changes %
Costs	3,620,814	3,332,588	8.6%
Property development costs	3,566,398	3,162,380	12.8%
Costs of construction business and rental business	54,416	170,208	-68.0%

(III) Selling and marketing expenses and administrative expenses

The selling and marketing expenses of the Group for the six months ended 30 June 2015 amounted to approximately RMB207.0 million (the corresponding period of 2014: approximately RMB141.9 million). As the Group further increased its property marketing efforts, the relevant selling and marketing expenses also increased by approximately 45.9% as compared with the corresponding period of 2014.

The administrative expenses of the Group for the six months ended 30 June 2015 amounted to approximately RMB222.7 million (the corresponding period of 2014: approximately RMB199.0 million), representing an increase of approximately 11.9% as compared with the corresponding period of 2014. The increase was primarily due to the increase in expenses such as staff costs and office expenditures resulting from the expansion of business of the Group.

The percentage of selling and marketing expenses and administrative expenses to contracted sales of the Group decreased from 2.6% and 3.6% for the six months ended 30 June 2014 to 2.5% and 2.6% for the six months ended 30 June 2015, respectively. The decreases were primarily due to the rapid growth of the contracted sales during the six months ended 30 June 2015. For the six month ended 30 June 2015, the contracted sales of the Group increased by approximately 51.8% as compared with the corresponding period of 2014.

(IV) Profit from operations

The profit from operations of the Group for the six months ended 30 June 2015 amounted to approximately RMB1,657.1 million (the corresponding period of 2014: approximately RMB1,987.5 million). As the revenue of the Group increased by approximately RMB376.4 million as compared with the corresponding period of 2014, the relevant direct costs, selling and marketing expenses and administrative expenses increased by approximately RMB377.0 million as compared with the corresponding period of 2014 whereas the net fair value gain of investment properties of the Group for the six months ended 30 June 2015 decreased by approximately RMB334.7 million as compared with the corresponding period of 2014. As a result, the profit from operations of the Group decreased by approximately RMB330.4 million for the six months ended 30 June 2015 as compared with the corresponding period of 2014.

(V) Finance costs

The net finance costs of the Group for the six months ended 30 June 2015 decreased to approximately RMB23.0 million (the corresponding period of 2014: approximately RMB47.2 million), primarily because the Group repaid certain loans and benefited from the replacement of certain high cost loans with lower interest-bearing loans due to the reduction of the Loan Basic Rate of the Peoples' Bank of China during the six months ended 30 June 2015. The percentage of finance cost to the contracted sales of the Group decreased from approximately 0.9% for the six months ended 30 June 2014 to approximately 0.3% for the six months ended 30 June 2015.

(VI) Income tax

Taxes of the Group for the six months ended 30 June 2015 included CIT and LAT. Taking into account the impact of the relevant changes in deferred tax, the net CIT and LAT amounted to approximately RMB387.4 million and RMB171.9 million respectively (the corresponding period of 2014: approximately RMB471.4 million and RMB151.6 million respectively).

(VII) Core Profit

The Core Profit of the Group for the six months ended 30 June 2015 amounted to approximately RMB692.0 million, representing an increase of approximately RMB12.3 million as compared with the corresponding period of 2014. The Core Profit margin of the Group for the six months ended 30 June 2015 was approximately 13.4% (the corresponding period of 2014: approximately 14.2%), representing a decrease of approximately 0.8 percentage points as compared with the corresponding period of 2014.

(VIII) Liquidity and financial resources

As at 30 June 2015, total assets of the Group amounted to approximately RMB45,827.5 million (31 December 2014: approximately RMB44,835.8 million), of which current assets amounted to approximately RMB39,526.4 million (31 December 2014: approximately RMB39,226.1 million). Total liabilities amounted to approximately RMB31,845.3 million (31 December 2014: approximately RMB31,518.7 million), of which non-current liabilities amounted to approximately RMB11,767.9 million (31 December 2014: approximately RMB13,691.4 million). Total equity amounted to approximately RMB13,982.2 million (31 December 2014: approximately RMB13,317.0 million). Total equity attributable to equity shareholders amounted to RMB11,831.6 million (31 December 2014: approximately RMB11,209.9 million).

For bank and other loan, approximately RMB4,762.5 million, RMB6,560.7 million and RMB615.0 million will be repayable within 1 year, between 1 and 5 years and beyond 5 years respectively (31 December 2014: approximately RMB3,824.4 million, RMB8,231.4 million and RMB825.7 million respectively).

As at 30 June 2015, the Group had cash and bank balances (including restricted and pledged deposits) of approximately RMB6,651.9 million (31 December 2014: approximately RMB7,514.5 million) and total interest-bearing liabilities of approximately RMB15,132.1 million (31 December 2014: approximately RMB16,265.4 million). As at 30 June 2015, total net interest-bearing liabilities of the Group amounted to approximately RMB8,660.2 million (31 December 2014: approximately RMB8,750.9 million). As at 30 June 2015, the net debt to equity ratio of the Group was 61.9%.

(IX) Financing activities

Adhering to the strategy of the year 2014, the Group optimized its debt structure by obtaining long-term borrowings and the percentage of short-term borrowings to total approximately 31.1%. As at 30 June 2015, the cash ratio (the ratio of cash and bank balances to short-term borrowings) of the Group was approximately 1.4 times.

All of the Group's borrowing were charged at floating interest rates except for loan balances with an aggregate amount of RMB5,616.6 million which were charged at fixed interest rates as at 30 June 2015.

(X) Commitments

As at 30 June 2015, the Group had made capital commitments of approximately RMB25,880.6 million related to the expenditure in respect of future establishment and property development (31 December 2014: approximately RMB26,013.2 million).

(XI) Contingent liabilities

As at 30 June 2015, the Group provided guarantees of approximately RMB7,527.8 million (31 December 2014: approximately RMB4,371.0 million) to banks in respect of the mortgage loans granted to purchasers of the properties of the Group. Pursuant to the terms of the guarantees, where a purchaser is in default on any mortgage payments to the banks prior to the issue of the building ownership certificate, the relevant banks are entitled to withdraw such amount equivalent to the payments in default from the deposit of the Group and may require the Group to settle any outstanding amount not covered by the deposit.

Management of the Group considered that the risk of loss borne by the Group for the guarantees is insignificant as the market value of the mortgaged properties will not fall below the payments to be settled by the Group due to default.

(XII) Significant acquisition, disposal or investment

The Group did not have any material acquisition, disposal and investment during the six months ended 30 June 2015.

(XIII) Pledge of assets

As at 30 June 2015, the Group had the pledged investment properties, other properties, inventories and pledged deposits of approximately RMB17,587.4 million to secure its borrowings (31 December 2014: RMB15,216.7 million).

(XIV) Foreign Exchange Risk

The Group's main business is denominated in Renminbi. Foreign exchange risk mainly arises from the outstanding foreign currency borrowings (mainly denominated in US dollars). In the first half of 2015, the Group has not invested in any derivatives for hedging purpose.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2015, the interests and short positions of the directors (the "Directors") and chief executives of the Company in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as 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 as set forth in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") (the "Model Code"), were as follows:

(i) Interest in Shares of the Company

Name of Director	Nature of Interest	Number of Shares ⁽¹⁾	Underlying Shares Interested ⁽²⁾	Percentage of Company's Issued Share Capital
Mr. Kei Hoi Pang	Beneficiary of a family trust, Interest of a controlled corporation ⁽³⁾	4,250,000,000 (L)		85%
	Beneficial owner		13,120,000 (L) ⁽⁴⁾	0.26%
Mr. Ji Jiande	Beneficial owner	–	9,840,000 (L)	0.2%
Ms. Kei Perenna Hoi Ting	Beneficiary of a family trust, interest of controlled corporations ⁽³⁾	4,250,000,000 (L)		85%
	Beneficial owner		2,050,000 (L)	0.04%
Mr. Lai Zhuobin	Beneficial owner	–	4,170,000 (L)	0.08%
Mr. Xiao Xu	Beneficial owner	–	4,470,000 (L)	0.09%

Notes:

- (1) The letter "L" denotes the person's long position in the shares.
- (2) The number of shares represents the shares in which the Directors are deemed to be interested as a result of holding share options.
- (3) Ms. Kei Perenna Hoi Ting is the settlor and a beneficiary of a family trust. She is also indirectly interested in the Company through Dragon Jubilee Investments Limited, Gao Run Holdings Limited and Thrive Ally Limited, which owned collectively 17% equity interests in the Company. Mr. Kei Hoi Pang who is also a beneficiary of the family trust is also considered to be interested in the shares of the Company through Junxi Investments Limited and Ms. Kei Perenna Hoi Ting as (i) Junxi Investments Limited is a company which is entirely owned by a family trust to which Ms. Kei Perenna Hoi Ting and Mr. Kei Hoi Pang are beneficiaries and (ii) Ms. Kei Perenna Hoi Ting being a person accustomed to act in accordance with Mr. Kei Hoi Pang's directions.
- (4) Including the grant of 8,170,000 share options which has been approved by independent shareholders of the Company on 31 July 2014.

OTHER INFORMATION

(ii) Interest in Associated Corporation of the Company

Name of Director	Name of Associated Corporation	Percentage of Shareholding Interest
Ms. Kei Perenna Hoi Ting	Junxi Investments Limited	100%
	Dragon Jubilee Investments Limited	100%
	Gao Run Holdings Limited	100%
	Thrive Ally Limited	100%

Save as disclosed above, as at 30 June 2015, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES OR UNDERLYING SHARES OF THE COMPANY

As at 30 June 2015, the following interests and short positions of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Nature of Interest	Number of Shares ⁽¹⁾	Percentage of the Company's Issued Share Capital
Mr. Kei Hoi Pang	Beneficiary of a family trust, Interest of a controlled corporation ⁽²⁾	4,250,000,000 (L)	85%
	Beneficial owner	13,120,000 (L) ⁽⁴⁾	0.26%
Ms. Kei Perenna Hoi Ting	Beneficiary of a family trust, Interest of controlled corporations ⁽²⁾	4,250,000,000 (L)	85%
	Beneficial owner	2,050,000 (L)	0.04%
Brock Nominees Limited ⁽³⁾	Nominee	3,400,000,000 (L)	68%
Credit Suisse Trust Limited ⁽³⁾	Trustee	3,400,000,000 (L)	68%
Junxi Investments Limited ⁽³⁾	Beneficial owner	3,400,000,000 (L)	68%

Name	Nature of Interest	Percentage of the Company's	
		Number of Shares ⁽¹⁾	Issued Share Capital
Kei Family United Limited ⁽³⁾	Interest of a controlled corporation	3,400,000,000 (L)	68%
Tenby Nominees Limited ⁽³⁾	Nominee	3,400,000,000 (L)	68%
Dragon Jubilee Investments Limited	Beneficial owner	425,000,000 (L)	8.5%

Notes:

- (1) The letter "L" denotes the person's long position in shares.
- (2) Ms. Kei Perenna Hoi Ting is indirectly interested in the Company through Dragon Jubilee Investments Limited, Gao Run Holdings Limited and Thrive Ally Limited, which owned collectively 17% interests in the Company.
- (3) Ms. Kei Perenna Hoi Ting is the settlor and a beneficiary of a family trust, which is a trust set up to hold the interest of Ms. Kei Perenna Hoi Ting and her family in the Company. The family trust is interested in the entire interest of Kei Family United Limited which in turn holds the entire interest in Junxi Investments Limited. Further, Mr. Kei Hoi Pang who is also a beneficiary of the family trust is also considered to be interested in the shares of the Company through Junxi Investments Limited and Ms. Kei Perenna Hoi Ting as (i) Junxi Investments Limited is a company which is entirely owned by a family trust to which Ms. Kei Perenna Hoi Ting and Mr. Kei Hoi Pang are beneficiaries and (ii) Ms. Kei Perenna Hoi Ting being a person accustomed to act in accordance with Mr. Kei Hoi Pang's directions.
- (4) Including the grant of 8,170,000 share options which has been approved by independent shareholders on 31 July 2014.

Save as disclosed above, as at 30 June 2015, no person, other than the Directors and chief executives of the Company, whose interests are set out in the section headed "Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares or Debentures of the Company or any of its Associated Corporations" of this report above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

INTERIM DIVIDEND

The Board does not recommend to declare any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: RMB Nil).

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

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

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

For the six months ended 30 June 2015, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules, save and except for deviation from code provision A.2.1 which states that roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The chairman and chief executive officer of the Company are held by Mr. Kei Hoi Pang who is the founder of the Company and has extensive experience in the industry. The Board believes that Mr. Kei Hoi Pang can provide the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. The Board also considers that the current structure of vesting the roles of chairman and chief executive officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. The Board shall review this structure from time to time to ensure appropriate and timely action to meet changing circumstances.

SPECIFIC PERFORMANCE OF CONTROLLING SHAREHOLDERS UNDER RULE 13.18 OF THE LISTING RULES

On 9 October 2014, the Company as borrower entered into a facility agreement with, among others, Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Credit Suisse AG, Singapore Branch, Goldman Sachs Lending Partners LLC and Deutsche Bank AG, Singapore Branch in relation to a transferable 36-month term loan facility in the amount of US\$105,000,000 commencing from the date of the Facility Agreement at an annual interest rate of 4.50% plus LIBOR (the "Facility Agreement").

The Facility Agreement includes a condition imposing specific performance obligations on Ms. Kei Perenna Hoi Ting and her close associates that, in the event of default if, among others, (i) Ms. Kei Perenna Hoi Ting and her close associates collectively do not or cease to own at least 65% of the direct or indirect beneficial shareholding interest in the issued share capital of, and carrying 65% of the voting rights in, the Company; or (ii) Mr. Kei Hoi Pang does not or cease to have management control of the Company; or (iii) Mr. Kei Hoi Pang is not or ceases to be the chairman of the Company.

In case of an occurrence of an event of default which is continuing, the Facility Agent may (a)(i) cancel the total commitments (and reduce them to zero) under the Facility Agreement; or (ii) cancel any part of the any commitment (and reduce such commitment accordingly); (b) declare that all or part of the Facility, together with accrued interest, and all other amounts accrued or outstanding under the Facility Agreement and other related finance documents be immediately due and payable; (c) declare that all or part of the Facility be payable on demand; and/or (d) exercise or direct Hang Seng Bank Limited to exercise any and all of its rights, powers or discretions as security trustee under any of the related finance documents.

As at 30 June 2015, the loan facility of US\$105,000,000 remain outstanding.

The Company will continue to make relevant disclosure in its subsequent interim and annual reports of the Company pursuant to Rule 13.21 of the Listing Rules for as long as circumstances giving rise to the obligation under Rule 13.18 of the Listing Rules continue to exist.

Save as disclosed above, as at 30 June 2015, the Company did not have other disclosure obligations under Rule 13.18 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as the code for dealing in securities of the Company by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all the Directors have complied with the required standards set out in the Model Code for the six months ended 30 June 2015.

The Company has also established written guidelines no less exacting than the Model Code (the “Employees Written Guidelines”) for securities transactions by employees who are likely to be in possession of unpublished inside information of the Group. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the six months ended 30 June 2015.

SHARE OPTION

For the six months ended 30 June 2015, no share options were granted. Details of movements for the six months ended 30 June 2015 in the number of share options are set out below:

Name of Director	Date of grant	Exercise Price (HK\$)	Number of share options					Outstanding as at 30 June 2015	Percentage of total share capital issued	Exercise period	Closing price of the securities immediately before the date on which the options were offered (HK\$)
			Outstanding as at 1 January 2015	Granted from 1 January 2015 to 30 June 2015	Exercised from 1 January 2015 to 30 June 2015	Cancelled/ Lapsed from 1 January 2015 to 30 June 2015	Outstanding as at 30 June 2015				
Mr. Kei Hoi Pang	29 May 2014	2.340	13,120,000	-	-	-	13,120,000	0.26%	29 May 2014 to 28 May 2020	2.340	
Mr. Ji Jiande	29 May 2014	2.340	9,840,000	-	-	-	9,840,000	0.20%	29 May 2014 to 28 May 2020	2.340	
Mr. Xiao Xu	29 May 2014	2.340	4,470,000	-	-	-	4,470,000	0.090%	29 May 2014 to 28 May 2020	2.340	
Mr. Lai Zhuobin	29 May 2014	2.340	4,170,000	-	-	-	4,170,000	0.083%	29 May 2014 to 28 May 2020	2.340	
Ms. Kei Perenna Hoi Ting	29 May 2014	2.340	2,050,000	-	-	-	2,050,000	0.041%	29 May 2014 to 28 May 2020	2.340	
Total number held by Directors	29 May 2014	2.340	33,650,000	-	-	-	33,650,000	0.673%	29 May 2014 to 28 May 2020	2.340	
Total number held by other employees	29 May 2014	2.340	164,610,000	-	-	-	164,610,000	3.292%	29 May 2014 to 28 May 2020	2.340	

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B) of the Listing Rules, the changes in information of Directors since the date of the 2014 annual report of the Company are set out below:

Name of Director	Details of Change
Mr. Ji Jiande	Resigned as legal representative and director of Shantou Logan Junjing Property Co., Ltd. (汕頭市龍光駿景房地產有限公司) in January 2015.
	Resigned as legal representative and director of Nanning Logan Bojun Property Development Co., Ltd (南寧市龍光鉑駿房地產開發有限公司), Guling Logan Bojun Property Development Co., Ltd. (桂林市龍光鉑駿房地產開發有限公司), Shenzhen Runjing Logistics Co., Ltd (深圳市潤景物流有限公司), Shenzhen Logan Junchi Property Development Co., Ltd. (深圳市龍光駿馳房地產開發有限公司), Shenzhen Logan Jinjun Property Development Co., Ltd. (深圳市金駿房地產有限公司) and Nanning Dezhiji Building Materials Co., Ltd (南寧市德之吉建材有限公司) in March 2015.
	Resigned as legal representative and director of Chengdu Logan Donghua Property Development Co., Ltd. (成都市龍光東華房地產開發有限公司) and Haikou Logan Property Development Co., Ltd. (海口市龍光房地產開發有限公司) in April 2015.
	Resigned as legal representative and director of Zhuhai Bojun Property Development Co., Ltd. (珠海市鉑駿房地產開發有限公司) and Chengdu Logan Jinjun Realty Co., Ltd. (成都市龍光金駿置業有限公司) in May 2015.
	Resigned as director of Logan Construction Co., Ltd. (龍光工程建設有限公司) in June 2015.
Mr. Xiao Xu	Appointed as director of Foshan Nanhai Logan Realty Co., Ltd. (佛山市南海區龍光置業房產有限公司), Shenzhen Logan Junchi Property Development Co., Ltd. (深圳市龍光駿馳房地產開發有限公司) and Zhuhai Bojun Property Development Co., Ltd. (珠海市鉑駿房地產開發有限公司) in August 2014.
	Appointed as vice president of the Company in July 2015.

Name of Director	Details of Change
Mr. Lai Zhuobin	<p>Appointed as director of Foshan Nanhai Logan Realty Co., Ltd. (佛山市南海區龍光置業房產有限公司) in August 2014.</p> <p>Appointed as chief financial officer of the Company in July 2015.</p>
Mr. Zhang Huaqiao	<p>Re-designated from non-executive director to executive director of China Smartpay Group Holdings Limited (Stock Code: 8325), a company the shares of which are listed on the Hong Kong Stock Exchange, on 13 May 2015.</p> <p>Resigned as director of Nanjing Central Emporium Group Stocks Co., Ltd. (600280.SS), a company the shares of which are listed on the Shanghai Stock Exchange, in June 2015.</p>

AUDIT COMMITTEE AND REVIEW OF AUDITOR

The audit committee of the Company (the “Audit Committee”) comprises three independent non-executive Directors. The Audit Committee has reviewed with the Company’s management, the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of this interim report including the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2015.

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2015 have been reviewed by KPMG, the independent auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the HKICPA.

REVIEW REPORT



Review report to the board of directors of Logan Property Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 27 to 50 which comprises the consolidated statement of financial position of Logan Property Holdings Company Limited as at 30 June 2015 and the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, Interim financial reporting.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 August 2015

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015 – unaudited

(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Revenue	3	5,156,121	4,779,750
Direct costs		(3,620,814)	(3,332,588)
Gross profit		1,535,307	1,447,162
Other revenue		50,071	35,549
Other net loss		(9,057)	(5,012)
Selling and marketing expenses		(207,032)	(141,948)
Administrative expenses		(222,692)	(199,026)
Net increase in fair value of investment properties	7	515,386	850,124
Net (decrease)/increase in fair value of derivative financial instruments		(4,925)	650
Profit from operations		1,657,058	1,987,499
Finance costs	4(a)	(23,006)	(47,227)
Profit before taxation	4	1,634,052	1,940,272
Income tax	5	(559,238)	(623,043)
Profit for the period		1,074,814	1,317,229
Attributable to:			
Equity shareholders of the Company		1,031,277	1,286,303
Non-controlling interests		43,537	30,926
Profit for the period		1,074,814	1,317,229
Earnings per share (RMB cents)	6		
Basic		20.63	25.73
Diluted		20.58	25.73

The notes on pages 32 to 50 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 13(a).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015 – unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Profit for the period	1,074,814	1,317,229
Other comprehensive income for the period (after tax and reclassification adjustments)		
Item that is or may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of overseas entities	10,749	7,403
Total comprehensive income for the period	1,085,563	1,324,632
Attributable to:		
Equity shareholders of the Company	1,042,026	1,293,706
Non-controlling interests	43,537	30,926
Total comprehensive income for the period	1,085,563	1,324,632

There is no tax effect relating to the above component of other comprehensive income.

The notes on pages 32 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015
(Expressed in Renminbi)

	Note	At 30 June 2015 RMB'000 (Unaudited)	At 31 December 2014 RMB'000 (Audited)
Non-current assets			
Investment properties	7	5,312,900	4,684,500
Property, plant and equipment	8	113,663	122,041
		5,426,563	4,806,541
Deferred tax assets		358,668	366,488
Assets under cross-border guarantee arrangements	11	286,600	436,600
Restricted and pledged deposits		229,317	–
		6,301,148	5,609,629
Current assets			
Inventories		29,660,903	27,875,440
Trade and other receivables	9	2,321,174	2,502,385
Tax recoverable		296,888	166,836
Assets under cross-border guarantee arrangements	11	824,800	1,167,000
Restricted and pledged deposits		2,098,167	1,938,106
Cash and cash equivalents		4,324,426	5,576,357
		39,526,358	39,226,124
Current liabilities			
Trade and other payables	10	13,524,834	11,842,586
Liabilities under cross-border guarantee arrangements	11	824,800	1,167,000
Bank and other loans		4,762,538	3,824,474
Tax payable		965,216	993,262
		20,077,388	17,827,322
Net current assets		19,448,970	21,398,802
Total assets less current liabilities		25,750,118	27,008,431
Non-current liabilities			
Liabilities under cross-border guarantee arrangements	11	286,600	436,600
Bank and other loans		7,175,664	9,057,042
Senior notes	12	3,373,860	3,383,846
Deferred tax liabilities		931,762	813,925
		11,767,886	13,691,413
NET ASSETS		13,982,232	13,317,018
CAPITAL AND RESERVES			
Share capital		393,115	393,115
Reserves		11,438,448	10,816,771
Total equity attributable to equity shareholders of the Company		11,831,563	11,209,886
Non-controlling interests		2,150,669	2,107,132
TOTAL EQUITY		13,982,232	13,317,018

The notes on pages 32 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015 – unaudited

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company										
	Note	Share capital RMB'000	Share premium RMB'000	Share-based compensation reserve RMB'000	Exchange reserve RMB'000	PRC		Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
						statutory reserves RMB'000	Other reserve RMB'000				
Balance at 1 January 2014		393,115	825,019	-	39,860	512,552	(195,637)	5,760,779	7,335,688	13,988	7,349,676
Changes in equity for the six months ended 30 June 2014:											
Profit for the period		-	-	-	-	-	-	1,286,303	1,286,303	30,926	1,317,229
Other comprehensive income		-	-	-	7,403	-	-	-	7,403	-	7,403
Total comprehensive income		-	-	-	7,403	-	-	1,286,303	1,293,706	30,926	1,324,632
Final dividend declared	13(a)(ii)	-	-	-	-	-	-	(436,563)	(436,563)	-	(436,563)
Equity settled share-based payment		-	-	7,432	-	-	-	-	7,432	-	7,432
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	807,700	807,700
Balance at 30 June 2014 and 1 July 2014		393,115	825,019	7,432	47,263	512,552	(195,637)	6,610,519	8,200,263	852,614	9,052,877
Changes in equity for the six months ended 31 December 2014:											
Profit for the period		-	-	-	-	-	-	1,061,327	1,061,327	41,950	1,103,277
Other comprehensive income		-	-	-	(938)	-	-	-	(938)	-	(938)
Total comprehensive income		-	-	-	(938)	-	-	1,061,327	1,060,389	41,950	1,102,339
Transfer to PRC statutory reserves		-	-	-	-	70,407	-	(70,407)	-	-	-
Equity settled share-based transactions		-	-	39,458	-	-	-	-	39,458	-	39,458
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	26,751	26,751
Capital contribution		-	-	-	-	-	1,909,776	-	1,909,776	1,185,817	3,095,593
Balance at 31 December 2014 and 1 January 2015		393,115	825,019	46,890	46,325	582,959	1,714,139	7,601,439	11,209,886	2,107,132	13,317,018
Changes in equity for the six months ended 30 June 2015:											
Profit for the period		-	-	-	-	-	-	1,031,277	1,031,277	43,537	1,074,814
Other comprehensive income		-	-	-	10,749	-	-	-	10,749	-	10,749
Total comprehensive income		-	-	-	10,749	-	-	1,031,277	1,042,026	43,537	1,085,563
Final dividend declared	13(a)(ii)	-	-	-	-	-	-	(433,735)	(433,735)	-	(433,735)
Equity settled share-based payment		-	-	13,386	-	-	-	-	13,386	-	13,386
Balance at 30 June 2015		393,115	825,019	60,276	57,074	582,959	1,714,139	8,198,981	11,831,563	2,150,669	13,982,232

The notes on pages 32 to 50 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2015 – unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Operating activities		
Cash generated from/(used in) operation	2,042,927	(2,279,196)
Income tax paid	(680,641)	(747,872)
Net cash generated from/(used in) operating activities	1,362,286	(3,027,068)
Investing activities		
Payment for purchase of property, plant and equipment	(7,612)	(33,584)
Proceeds from disposal of property, plant and equipment	7	122
Payment for purchase of investment properties	–	(9,229)
Proceeds from disposal of investment properties	–	69,543
Other investing activities	30,041	26,208
Net cash generated from investing activities	22,436	53,060
Financing activities		
Proceeds from bank and other loans	2,877,740	5,702,500
Repayment of bank and other loans	(4,312,999)	(2,981,707)
Proceeds from senior notes	–	1,824,469
Interest and other borrowing costs paid	(790,455)	(383,564)
Increase in amounts due from non-controlling interests	(263,677)	–
Contributions from non-controlling interests	–	807,700
Net cash used in other financing activities	(157,857)	(141,618)
Net cash (used in)/generated from financing activities	(2,647,248)	4,827,780
Net (decrease)/increase in cash and cash equivalents	(1,262,526)	1,853,772
Cash and cash equivalents at 1 January	5,576,357	3,827,434
Effect of changes in foreign exchange rate	10,595	10,784
Cash and cash equivalents at 30 June	4,324,426	5,691,990

Cash and cash equivalents represent cash at bank and in hand.

The notes on pages 32 to 50 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 28 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Logan Property Holdings Company Limited (the “Company”) and its subsidiaries (the “Group”) since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 26. In addition, this interim financial report has been reviewed by the Company’s Audit Committee.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company.

- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

Revenue represents income from sale of properties, rental income and construction income earned during the period, net of business tax and other sales related taxes and discounts allowed, and is analysed as follows:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Sale of properties	5,070,666	4,574,570
Rental income	27,626	31,242
Construction income	57,829	173,938
	5,156,121	4,779,750

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (product and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Property development: this segment develops and sells residential properties and retail shops.
- Property leasing: this segment leases office units and retail shops to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is located entirely in the People's Republic of China (the "PRC").
- Construction contracts: this segment constructs office premises and residential buildings for external customers and for group companies. Currently the Group's activities in this regard are carried out in the PRC.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results

The Group's senior executive management regularly reviews the operating results attributable to each reportable segment.

For the six months ended 30 June 2015

	Property development RMB'000	Property leasing RMB'000	Construction contracts RMB'000	Total RMB'000
Revenue from external customers	5,070,666	27,626	57,829	5,156,121
Inter-segment revenue	–	–	1,550,606	1,550,606
Reportable segment revenue	5,070,666	27,626	1,608,435	6,706,727
Reportable segment profit	1,164,026	24,897	6,142	1,195,065
Bank interest income	8,803	–	9,931	18,734
Finance costs	(8,456)	–	(6,648)	(15,104)
Depreciation	(5,095)	–	(7)	(5,102)
Increase in fair value of investment properties	–	515,386	–	515,386

For the six months ended 30 June 2014

	Property development RMB'000	Property leasing RMB'000	Construction contracts RMB'000	Total RMB'000
Revenue from external customers	4,574,570	31,242	173,938	4,779,750
Inter-segment revenue	–	–	1,626,909	1,626,909
Reportable segment revenue	4,574,570	31,242	1,800,847	6,406,659
Reportable segment profit	1,113,866	31,242	3,081	1,148,189
Bank interest income	5,171	–	7,211	12,382
Finance costs	(33,688)	–	(8,769)	(42,457)
Depreciation	(6,462)	–	(7)	(6,469)
Net increase in fair value of investment properties	–	850,124	–	850,124

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(ii) Reconciliation of reportable segment revenue and profit or loss

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Revenue		
Reportable segment revenue	6,706,727	6,406,659
Elimination of inter-segment revenue	(1,550,606)	(1,626,909)
Consolidated revenue	5,156,121	4,779,750
Profit		
Reportable segment profit derived from the Group's external customers	1,195,065	1,148,189
Other revenue and other net loss	41,014	30,537
Depreciation	(13,571)	(10,951)
Finance costs	(23,006)	(47,227)
Net increase in fair value of investment properties	515,386	850,124
Net (decrease)/increase in fair value of derivative financial instruments	(4,925)	650
Unallocated head office and corporate expenses	(75,911)	(31,050)
Consolidated profit before taxation	1,634,052	1,940,272

(iii) Geographic information

No geographic information has been presented as the Group's operating activities are largely carried out in the PRC.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
(a) Finance costs		
Interest on bank and other loans and other borrowing costs	590,767	435,787
Interest on senior notes	179,756	15,450
	770,523	451,237
Less: Amount capitalised	(747,517)	(404,010)
	23,006	47,227
(b) Other items		
Depreciation	15,972	13,434
Less: Amount capitalised	(2,401)	(2,483)
	13,571	10,951
Cost of properties sold	3,566,399	3,162,380
Net loss/(profit) on disposal of investment properties/property, plant and equipment	6	(16,741)
Bank interest income	(33,727)	(26,208)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

5 INCOME TAX

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Current tax		
Provision for PRC Corporate Income Tax ("CIT") for the period	261,720	300,560
Provision for PRC Land Appreciation Tax ("LAT") for the period	171,861	151,596
	433,581	452,156
Deferred tax		
Origination and reversal of temporary differences	125,657	170,887
	559,238	623,043

- (i) Pursuant to the rules and regulations of the British Virgin Islands ("BVI") and Cayman Islands, the Group is not subject to any income tax in the BVI and Cayman Islands.
- (ii) No provision for Hong Kong Profits Tax was made as the Group has no assessable profits arising in or derived from Hong Kong for the period.
- (iii) Effective from 1 January 2008, under the PRC CIT Law, the PRC's statutory income tax rate is 25%. The Group's subsidiaries included in the PRC are subject to CIT at 25% unless otherwise specified.
- (iv) LAT is levied on properties developed by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2015 is based on the profit attributable to equity shareholders of the Company of RMB1,031,277,000 (six months ended 30 June 2014: RMB1,286,303,000) and 5,000,000,000 shares (six months ended 30 June 2014: 5,000,000,000 shares) in issue during the six months ended 30 June 2015.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company (diluted) of RMB1,031,277,000 (six months ended 30 June 2014: RMB1,286,303,000) and the weighted average number of shares (diluted) of 5,011,821,000 shares (six months ended 30 June 2014: 5,000,000,000 shares).

	Six months ended 30 June	
	2015 '000	2014 '000
Weighted average number of shares at 30 June	5,000,000	5,000,000
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	11,821	–
Weighted average number of shares at 30 June (diluted)	5,011,821	5,000,000

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

7 INVESTMENT PROPERTIES

All the Group's investment properties and investment properties under development were revalued as at 30 June 2015. The valuations were carried out by Roma Appraisals Limited, an independent professional valuer who has among their staff member of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The valuers have valued the investment properties by reference to sales evidences as available on the market. The investment properties under development had been valued on the basis that the properties will be developed and completed in accordance with the relevant development plans. They were determined using the direct comparison approach by making references to comparable sale evidence as available in the relevant market, with adjustments for development costs to be expended to complete the properties.

During the period, the net increase in fair value of investment properties and investment properties under development is RMB515,386,000 (six months ended 30 June 2014: RMB850,124,000) and the additions in investment properties and investment properties under development amounted to RMB127,532,000 (six months ended 30 June 2014: RMB9,229,000). During the period, no inventories were transferred to investment properties and investment properties under development (six months ended 30 June 2014: RMB11,446,000).

8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group's additions in property, plant and equipment amounted to RMB7,612,000 (six months ended 30 June 2014: RMB34,226,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

9 TRADE AND OTHER RECEIVABLES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Trade receivables (note (i))	182,385	140,767
Prepayment and other receivables	1,182,529	921,887
Land deposits	520,478	953,808
Amounts due from related companies	149,312	458,109
Amounts due from non-controlling shareholders	263,677	–
Senior notes redemption call options (note 14(a)(i))	22,793	27,814
	2,321,174	2,502,385

Notes:

- (i) At the end of reporting period, the ageing analysis of trade receivables, based on the invoice date, is as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Current or less than 1 month overdue	165,882	116,311
More than 1 month overdue and up to 3 months overdue	–	–
More than 3 months overdue and up to 6 months overdue	–	–
More than 6 months overdue and up to 1 year overdue	375	14,672
More than 1 year overdue	16,128	9,784
	182,385	140,767

- (ii) Receivables which were neither overdue nor impaired relate to a wide range of customers for whom there was no recent history of default. Receivables which were overdue but not impaired relate to independent customers, for which have a good track record of trading with the Group or sufficient rental deposits are held to cover potential exposure to credit risk. Based on past experience, management considers that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.
- (iii) Regular review and follow-up actions are carried out on overdue amounts of installments receivable from sale of properties and receivable from construction contracts, which enable management to assess their recoverability and to minimise exposure to credit risk. In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.
- (iv) All of the trade and other receivables are expected to be recovered within one year.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

10 TRADE AND OTHER PAYABLES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Trade payables (notes (i) and (ii))	3,388,571	3,242,460
Other payables and accrued charges	242,077	278,743
Dividends payable	644,689	368,811
Customer deposits received	5,378	36,523
Rental and other deposits received	10,722	7,789
Receipts in advance	7,927,289	6,390,599
Amounts due to related companies	12,307	223,860
Non-interest bearing payable to a financial institution (note (iii))	1,293,801	1,293,801
	13,524,834	11,842,586

Notes:

- (i) At the end of reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 month or on demand	1,161,201	1,851,483
More than 1 month but within 3 months	425,619	211,616
More than 3 months but within 6 months	279,261	227,260
More than 6 months but within 1 year	767,519	662,222
More than 1 year	754,971	289,879
	3,388,571	3,242,460

- (ii) Except for the retention deposits payable to constructors of RMB108,117,000 (31 December 2014: RMB116,063,000) which are expected to be settled after one year, all of the trade and other payables are expected to be settled within one year or are repayable on demand.
- (iii) The non-interest bearing payable to a financial institution is interest-free, secured by a pledged deposit of RMB1,300,000,000 and repayable within one year.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

11 ASSETS AND LIABILITIES UNDER CROSS-BORDER GUARANTEE ARRANGEMENTS

In 2014, the Group entered into some cross-border guarantee arrangements with certain financial institutions, whereby certain offshore funding (i.e. in Hong Kong) primarily obtained from the issuance of senior notes has been used as a pledge against advances to onshore (i.e. in the PRC) for the Group's operating use in respect of its property development projects.

Pursuant to these arrangements, which are made in compliance with relevant rules and regulations promulgated by the State Administration of Foreign Exchange, the Group's subsidiaries in Hong Kong deposit funds in the relevant financial institutions, which in turn either through its related companies or business partners in the PRC advanced the same amount of funds to the Group's subsidiaries in the PRC. The net cost of such arrangements is ranging from 1.5% to 2% (2014: 1.7% to 2.5%) per annum of the total funds advanced. The pledge of the Hong Kong funds deposited with such financial institutions will be released upon the settlement of the advances, detailed as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Assets under cross-border guarantee arrangements		
– included as non-current assets	286,600	436,600
– included as current assets	824,800	1,167,000
Liabilities under cross-border guarantee arrangements		
– included as current liabilities	(824,800)	(1,167,000)
– included as non-current liabilities	(286,600)	(436,600)
	–	–

12 SENIOR NOTES

Liability component of the senior notes:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
US\$300m Senior Notes (note (i))	1,838,668	1,844,174
US\$250m Senior Notes (note (ii))	1,535,192	1,539,672
	3,373,860	3,383,846

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

12 SENIOR NOTES (CONTINUED)

Notes:

- (i) On 28 May 2014, the Company issued senior notes with principal amount of US\$300,000,000 due in 2019 ("US\$300m Senior Notes"). The senior notes are interest bearing at 11.25% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 4 June 2019. At any time and from time to time before the maturity date, the Company may at its option redeem the senior notes, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (ii) On 2 December 2014, the Company issued another senior notes with principal amount of US\$250,000,000 due in 2017 ("US\$250m Senior Notes"). The senior notes are interest bearing at 9.75% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 8 December 2017. At any time and from time to time before the maturity date, the Company may at its option redeem the senior notes, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

13 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

- (i) No interim dividend proposed for the six months ended 30 June 2015 (six months ended 30 June 2014: RMBNil).
- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved during the period, of HK11 cents (equivalent to RMB9 cents) (six months ended 30 June 2014: HK11 cents (equivalent to RMB9 cents)) per ordinary share	433,735	436,563

Dividends of HK\$200,000,000 (equivalent to RMB157,857,000) (six months ended 30 June 2014: HK\$82,500,000 (equivalent to RMB65,484,000)) was paid by 30 June 2015. The remaining amounts were fully accrued as dividends payable.

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(Expressed in Renminbi Yuan unless otherwise indicated)

13 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Equity settled share-based transactions

On 29 May 2014, the Group granted share options to the Company's directors and employees of the Group (included certain senior managers or above and certain mid-level managers). The exercise of these share options would entitle the Company's directors and employees of the Group to subscribe for an aggregate of 25,480,000 shares (of which 4,950,000 shares is granted to Mr. Kei Haipeng ("Mr. Kei", the Executive Director and the Chairman) and 164,610,000 shares of the Company respectively. The exercise price is HK\$2.34 per share. Under the share option scheme, the share options granted to the directors and certain senior managers or above will be vested evenly over a period of four years starting from 29 May 2015 and ending on 28 May 2019, while the share options granted to certain mid-level managers will be vested evenly over a period of three years starting from 29 May 2015 and ending on 28 May 2018. These share options are exercisable within a period of six years from the date of grant (i.e. 29 May 2014) subject to the above vesting schedule. Each option gives the holder the right to subscribe for one ordinary share of the Company.

On the same date (i.e. 29 May 2014), the board of directors resolved to grant to Mr. Kei another 8,170,000 share options to subscribe for the Company's shares (the "Additional Options") at the exercise price of HK\$2.34 per share on the same terms as the share options granted on 29 May 2014 (see above). The Additional Options constituted a connected transaction to the Company under the Listing Rules and was approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held on 31 July 2014.

No options were exercised during the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

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(Expressed in Renminbi Yuan unless otherwise indicated)

14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

Fair value measurements as at 30 June 2015 categorised into				
	Fair value at 30 June 2015 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
<i>Assets:</i>				
Senior notes redemption call options (note 9)	22,793	–	–	22,793

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (continued)

(i) Fair value hierarchy (continued)

	Fair value measurements as at 31 December 2014 categorised into			
	Fair value at 31 December 2014	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
<i>Assets:</i>				
Senior notes redemption call options (note 9)	27,814	–	–	27,814

During the six months ended 30 June 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2014: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's derivative financial instruments were revalued as at 30 June 2015 and 31 December 2014. The valuations were carried out by an independent firm of surveyors, Roma Appraisals Limited.

The Group's management have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (continued)

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Group			
At 30 June 2015			
Senior note redemption call options	Residual method	Risk free rate	0.082% – 1.299% (31 December 2014: 0.096% – 1.493%)
		Option adjusted spread	8.171% – 8.705% (31 December 2014: 9.433% – 9.971%)
		Discount rate	8.257% – 10.004% (31 December 2014: 9.532% – 11.464%)

The fair values of derivative financial instruments are determined using the residual method by subtracting the fair value of the straight debt from the quoted market price of the notes at the date of valuation. The fair value measurement is negatively correlated to risk free rate, option adjusted spread and discount rate.

As at 30 June 2015 and 31 December 2014, it is estimated that with all other variables held constant, a decrease/increase in risk fee rate, option adjusted spread and discount rate by 1% would not have material impact on the Group's profit for the period/year.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (continued)

(ii) Information about Level 3 fair value measurements (continued)

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

	At 30 June 2015 RMB'000	At 30 June 2014 RMB'000
At 1 January	27,814	–
Fair value of inception	–	7,699
Change in fair value during the period	(4,925)	650
Exchange difference	(96)	–
At 30 June	22,793	8,349

The changes in fair values of derivative financial instruments are presented in “net increase in fair value of derivative financial instruments” in the consolidated income statement.

(b) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their values as at 30 June 2015 and 31 December 2014.

15 COMMITMENTS

Commitments outstanding at 30 June 2015 not provided for in the interim financial report are as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Contracted for	5,509,390	5,231,861
Authorised but not contracted for	20,371,247	20,781,381
	25,880,637	26,013,242

Commitments mainly related to development expenditure for the Group's properties under development and expenditure in respect of future investment and property development.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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16 CONTINGENT LIABILITIES

Guarantees given to financial institutions for mortgage facilities granted to buyers of the Group's properties:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Guarantees given to banks for mortgage facilities granted to buyers of the Group's properties	7,527,822	4,371,045

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of the property units. Pursuant to the mortgage agreements signed between the Group and the banks, the guarantee will be released upon the issuance of the individual property ownership certificate. Should the mortgagors fail to pay the mortgage monthly installment before the issuance of the individual property ownership certificate; the banks can draw down the security deposits up to the amount of outstanding mortgage installments and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient.

The amount of guarantee deposits required varies among different banks, but usually within a range of 3% to 5% of the mortgage loans granted to buyers, with prescribed capped amount. Such guarantees usually last for 3 months, according to the relevant record of the Group.

The management does not consider that the Group will sustain a loss under these guarantees during the year under guarantee, as the Group has not applied for individual property ownership certificates for these buyers and can take over the ownership of the related properties and sell the properties to recover any amounts paid by the Group to banks. The management also considers that the market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event that the buyers default payments to banks.

17 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in this interim financial report, material related party transactions entered by the Group during the six months ended 30 June 2015 are as follows:

		Six months ended 30 June	
	Note	2015 RMB'000	2014 RMB'000
Construction contracts income from related companies	(a)	57,829	173,938
Design fee income from a related company	(b)	321	905
Construction management service income from a related company	(c)	-	500
Remuneration of key management personnel	(d)	(15,869)	(10,588)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

17 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

Notes:

- (a) The Group being engaged for certain construction projects of related companies on normal commercial terms and in the ordinary course of business.
- (b) The Group provides construction design service to a related company on normal commercial terms and in the ordinary course of business.
- (c) The Group provides construction management service to a related company on normal commercial terms and in the ordinary course of business.
- (d) Remuneration of key management personnel, including amounts paid/payable to the directors and senior management, is as follows:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Directors' fees	1,006	1,080
Salary and other emoluments	10,594	5,825
Contribution to retirement benefit schemes	74	97
Share-based payment	4,195	3,586
	15,869	10,588

18 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

On 12 August 2015, China Securities Regulatory Commission approved the application of Shenzhen Youkai Investment Co., Ltd., a company established in the PRC and a wholly-owned subsidiary of the Company, for a proposed issue of domestic corporate bonds of up to RMB5,000,000,000 (the "Domestic Bonds"). The Domestic Bonds were issued in two tranches and listed on the Shanghai Stock Exchange. The coupon rates of the first and second tranche with a principal amount of RMB4,000,000,000 and RMB1,000,000,000 were fixed at 5% per annum and 4.77% per annum respectively. The term of the first and second Domestic Bonds were 5 years and 4 years.