Gemdale Properties and Investment Corporation Limited
金地商置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 535)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2013

2012/2013 SECOND INTERIM RESULTS (UNAUDITED)

The Board of Directors ("the Directors") of Gemdale Properties and Investment Corporation Limited (formerly known as Frasers Properties (China) Limited) ("the Company") announces the unaudited interim condensed consolidated results of the Company and its subsidiaries ("the Group") for the twelve months ended 30 September 2013 together with the relevant comparative figures.

Following the change of the ultimate holding company of the Company to 金地(集團)股份有限公司 (Gemdale Corporation*) ("Gemdale") on 28 September 2012, the name of the Company was changed to Gemdale Properties and Investment Corporation Limited on 12 March 2013. Further, the financial year end date of the Group has been changed from 30 September to 31 December effective from 2013 to align with that of Gemdale. This is the second interim result announcement of the 15-month financial period from 1 October 2012 to 31 December 2013.

* *For identification purpose only*

Condensed Consolidated Income Statement

For the twelve months ended 30 September 2013

		Twelve months ended 30 September	
	Notes	**2013 HK$'000 (Unaudited)**	2012 HK$'000 (Audited)
Revenue	*3*	**187,593**	199,264
Cost of sales		**(961)**	(10,001)
Gross profit		**186,632**	189,263
Direct operating expenses		**(103,922)**	(81,433)
Other income and gain	*3*	**30,268**	71,707
Changes in fair values of investment properties		**-**	667,648
Provision written back/(made)	*4*	**279,125**	(24,401)
Administrative expenses		**(82,376)**	(33,794)
Finance costs	*5*	**(35,207)**	(29,626)
Profit before tax	*6*	**274,520**	759,364
Tax	*7*	**(26,704)**	(214,766)
Profit for the period/year		**247,816**	544,598
Attributable to:			
Owners of the Company		**240,513**	497,150
Non-controlling interests		**7,303**	47,448
		247,816	544,598
Earnings per share attributable to owners of the Company:			
- Basic (HK$)	*8*	**0.0323**	0.0726
- Diluted (HK$)	*8*	**0.0323**	0.0724

Condensed Consolidated Statement of Comprehensive Income

For the twelve months ended 30 September 2013

	Twelve months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Profit for the period/year	**247,816**	544,598
Other comprehensive income		
- Other comprehensive income to be reclassified to profit or loss in subsequent period		
Exchange fluctuation reserves:		
Exchange differences on translation of foreign operations	**126,613**	3,606
Cash flow hedges:		
Effective portion of changes in fair values of hedging instruments arising during the period/year, net	**-**	2,462
Other comprehensive income for the period/year, net of tax	**126,613**	6,068
Total comprehensive income for the period/year	**374,429**	550,666
Attributable to:		
Owners of the Company	**353,546**	503,201
Non-controlling interests	**20,883**	47,465
	374,429	550,666

Condensed Consolidated Statement of Financial Position

30 September 2013

	Notes	**30 September 2013 HK$'000 (Unaudited)**	30 September 2012 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**11,788**	1,728
Investment properties		**2,441,644**	2,129,075
Prepayments, deposits and other receivables		**8,514**	1,847
Available-for-sale financial investment		**8,822**	8,822
Total non-current assets		**2,470,768**	2,141,472
CURRENT ASSETS			
Properties held for sale		**82,637**	79,061
Properties under development		**3,480,788**	2,104,039
Prepayments for acquisition of land use rights		**1,761,023**	-
Trade receivables	*9*	**4,435**	4,946
Prepayments, deposits and other receivables		**113,591**	13,029
Due from the ultimate holding company		**1**	-
Due from fellow subsidiaries		**2,168**	-
Due from a non-controlling shareholder		**63,254**	63,254
Restricted cash		**76**	74
Deposits, bank and cash balances		**595,404**	1,276,805
Total current assets		**6,103,377**	3,541,208
CURRENT LIABILITIES			
Trade payables	*10*	**61,435**	28,152
Advanced receipts, accruals and other payables		**714,669**	163,181
Interest-bearing bank and other borrowings		**1,089,335**	1,178,079
Loans from the ultimate holding company		**1,323,178**	-
Loan from the immediate holding company		**70,000**	-
Due to the ultimate holding company		**1,564**	-
Due to the immediate holding company		**233**	-
Due to a non-controlling shareholder		**76,590**	76,590
Due to fellow subsidiaries		**2,920**	-
Due to related companies		**694**	189
Tax payable		**62,634**	69,023
Total current liabilities		**3,403,252**	1,515,214
NET CURRENT ASSETS		**2,700,125**	2,025,994
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,170,893**	4,167,466

Condensed Consolidated Statement of Financial Position (Continued)

30 September 2013

	30 September 2013 HK$'000 (Unaudited)	30 September 2012 HK$'000 (Audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowing	**-**	260,504
Deferred tax liabilities	**408,843**	401,015
Total non-current liabilities	**408,843**	661,519
NET ASSETS	**4,762,050**	3,505,947
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**776,737**	686,414
Reserves	**3,130,999**	2,135,987
	3,907,736	2,822,401
Non-controlling interests	**854,314**	683,546
TOTAL EQUITY	**4,762,050**	3,505,947

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

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

Significant accounting policies

The accounting policies and methods of computation used in the preparation of this unaudited interim condensed consolidated financial information are consistent with those in the annual financial statements for the year ended 30 September 2012, except as described below. In the current period, the Group has applied, for the first time, the following revised Hong Kong Financial Reporting Standards ("HKFRSs", which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA which are effective for the Group's financial period beginning on or after 1 October 2012.

HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of the above revised HKFRSs has had no significant financial effect on this interim financial information and there have been no significant changes to the accounting policies applied in this interim financial information.

2. OPERATING SEGMENT INFORMATION

The Group is principally engaged in property development, investment and management of residential, commercial and business park projects. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. The Group's operating businesses are almost exclusively with customers based in Mainland China and almost all of the Group's assets are located in Mainland China. Accordingly, no segment analysis by geographical area of operations is provided.

Operating segments are reported in the manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purpose of assessing the segment information and allocating resources between segments.

An analysis of the Group's revenue and profit before tax by reportable segments for the period under review is as follows:

	Property development HK$'000	Business park HK$'000	Corporate HK$'000	Total HK$'000
For the twelve months ended 30 September 2013 (Unaudited)				
Segment revenue	**5,840**	**181,753**	**-**	**187,593**
Segment results	**19,385**	**360,431**	**(82,512)**	**297,304**
Reconciliation:				
Interest income				**12,423**
Finance costs				**(35,207)**
Profit before tax				**274,520**
Other segment information:				
Depreciation	**295**	**282**	**485**	**1,062**
Net reversal of impairment of other receivables *(Note 4)*	**(17,152)**	**55**	**139**	**(16,958)**
Provision written back for a property development project *(Note 4)*	**(34,112)**	**(228,286)**	**-**	**(262,398)**
For the twelve months ended 30 September 2012 (Audited)				
Segment revenue	21,666	177,598	-	199,264
Segment results	(11,964)	806,769	(33,373)	761,432
Reconciliation:				
Interest income				27,558
Finance costs				(29,626)
Profit before tax				759,364
Other segment information:				
Changes in fair values of investment properties	-	(667,648)	-	(667,648)
Depreciation	275	231	32	538
Impairment of other receivables *(Note 4)*	17,404	-	-	17,404
Amortisation of land use rights	15,205	-	-	15,205

3. REVENUE, OTHER INCOME AND GAIN

Revenue, which is also the Group's turnover, represents sales of properties, gross rental income and property management fee received and receivable from the principal activities and utility income during the period/year.

An analysis of revenue, other income and gain recognised during the period/year is as follows:

	Twelve months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Revenue		
Sale of properties	**2,640**	18,079
Gross rental income	**123,523**	119,017
Property management fee income	**55,427**	52,598
Utility income	**6,003**	9,570
	187,593	199,264
Other income and gain		
Recovery of retention money (*Note*)	**-**	41,372
Management fee from fellow subsidiaries	**14,273**	-
Interest income	**12,423**	27,558
Gain on disposal of property, plant and equipment	**19**	-
Others	**3,553**	2,777
	30,268	71,707

Note: Amount, net of tax, represented the retention money relating to the disposal of the Group's interest in a land development site in Beijing in the prior years.

4. PROVISION WRITTEN BACK/(MADE)

	Twelve months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Provision written back for a property development project *(Note)*	**262,398**	-
Net reversal of impairment/(impairment) of other receivables	**16,958**	(17,404)
Impairment of trade receivables	**(231)**	-
Provision for litigation claims	**-**	(6,997)
	279,125	(24,401)

Note: Amount represented the write back of provision made in the prior years for a property development project in Shenzhen Hi-tech Industrial Park, the PRC. During the period under review, the Group reached a consensus with the relevant government authorities in Shenzhen for the reactivation of the development of a previously idle project namely phase 3 of Shenzhen Hi-tech Industrial Park. Details of the transaction were disclosed in note 30 to the financial statements of the Group for the year ended 30 September 2012.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Twelve months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Interest on borrowings wholly repayable within five years		
- bank and other borrowings	**58,725**	49,615
- loans from the ultimate holding company	**21,869**	-
- loan from the immediate holding company	**381**	-
	80,975	49,615
Other finance costs	**10,934**	7,221
Total finance costs incurred	**91,909**	56,836
Less: Interest capitalised to properties under development	**(56,702)**	(27,210)
	35,207	29,626

6. PROFIT BEFORE TAX

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

	Twelve months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Depreciation	**1,184**	685
Less: Amounts capitalised to properties under development	**(122)**	(147)
	1,062	538
Gross rental income	**(123,523)**	(119,017)
Less: Outgoing expenses	**21,026**	21,927
Net rental income	**(102,497)**	(97,090)
Provision written back for a property development project *(Note 4)*	**(262,398)**	-
(Net reversal of impairment)/impairment of other receivables *(Note 4)*	**(16,958)**	17,404
Impairment of trade receivables *(Note 4)*	**231**	-
Loss on disposal of property, plant and equipment	**25**	42
Changes in fair values of investment properties	**-**	(667,648)
Amortisation of land use rights	**25,489**	15,205
Less: Amounts capitalised to properties under development	**(25,489)**	-
	-	15,205
Minimum lease payments under operating leases in respect of land and building	**11,866**	3,023
Employees benefits expenses (including directors' emoluments):		
Wages and salaries	**45,032**	37,130
Share-based compensation expenses	**39,666**	1,597
Pension schemes contributions	**555**	1,071
Less: Forfeited contributions	**(1,045)**	(197)
Net pension schemes contributions	**(490)**	874
Total employees benefits expenses	**84,208**	39,601
Auditors' remuneration	**1,579**	2,209
Foreign exchange losses/(gains), net	**10,871**	(998)

7. TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period (2012: Nil). Taxation on Mainland China profits was calculated on the estimated assessable profits for the period/year at the rates of tax prevailing in the jurisdiction in which the Group operates.

The amount of tax charged to the interim condensed consolidated income statement represented:

	Twelve months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Corporate income tax in Mainland China		
Charge for the period/year	**27,112**	29,708
Under-provision in prior periods	**381**	457
Land appreciation tax ("LAT") in Mainland China	**-**	557
Over provision for LAT in prior period	**(74)**	-
Deferred	**(715)**	184,044
	26,704	214,766

8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic earnings per share

The calculation of basic earnings per share was based on the profit for the period attributable to owners of the Company of approximately HK$240,513,000 (2012: HK$497,150,000) and the weighted average of 7,456,423,803 (2012: 6,850,932,845) ordinary shares in issue during the period.

(b) Diluted earnings per share

The Company had no potentially dilutive ordinary shares in issue during the current period. Accordingly, diluted earnings per share is same as the basic earnings per share.

For the prior year, the calculation of diluted earnings per share was based on the profit for the prior year attributable to owners of the Company of HK$497,150,000. The weighted average number of 6,864,868,538 ordinary shares used in the calculation was the weighted average number of ordinary shares in issue during the prior year, as used in the basic earnings per share calculation, and the weighted average number of 13,935,693 ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all potentially dilutive ordinary shares into ordinary shares.

9. TRADE RECEIVABLES

	30 September 2013 HK$'000 (Unaudited)	30 September 2012 HK$'000 (Audited)
Trade receivables, net of impairment	**4,435**	4,946

Under normal circumstances, the Group does not grant credit terms to its customers. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are regularly reviewed by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing and unsecured.

Trade receivables represent consideration in respect of sold properties and rental receivables. Consideration in respect of sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. Rental receivables are billed in advance and are payable by tenants upon receipt of billings within an average credit term of one month.

An aged analysis of trade receivables at the end of the reporting period, based on payment due date, and net of impairment, is as follows:

	30 September 2013 HK$'000 (Unaudited)	30 September 2012 HK$'000 (Audited)
Within 1 month	**4,057**	4,946
1 to 3 months	**98**	-
3 to 12 months	**280**	-
	4,435	4,946

10. TRADE PAYABLES

At the end of reporting period, an aged analysis of trade payables, based on the invoice date, is as follows:

	30 September 2013 HK$'000 (Unaudited)	30 September 2012 HK$'000 (Audited)
Within 3 month	**33,968**	27,860
3 to 12 months	**26,993**	255
Over 1 year	**474**	37
	61,435	28,152

Trade payables are non-interest-bearing and are normally settled within an average term of one month.

11. EVENT AFTER THE REPORTING PERIOD

On 17 August 2013, a wholly-owned subsidiary of the Company ("the Purchaser") and Famous Commercial Limited, the immediate holding company of the Company ("the Vendor") entered into a sale and purchase agreement pursuant to which the Purchaser acquired from the Vendor (i) 51% of the entire issued share capital of Ever Trust Commercial Limited; (ii) 51% of the entire issued share capital of Integrity Investment (Hong Kong) Limited; and (iii) the entire issued share capital of Ever Trusty Investment Management Limited (together "the Target Companies") at an aggregate consideration of approximately HK$1,272.7 million, which will be satisfied in full by issuing 1,325,726,134 new shares of the Company at an issue price of HK$0.96 per new share.

The principal assets of the Target Companies are interest in certain properties which are situated in Shenyang, Xi'an, Ningbo, Tianjin and Beijing, the PRC ("the Properties") intended to be developed mainly for residential purposes.

The consideration was determined with reference to the net book value of the Target Companies as at 31 July 2013 and the valuation of the Properties of RMB4,433 million (equivalent to approximately HK$5,616 million) performed by Vigers Appraisal & Consulting Limited, an independent property valuer, as at 31 July 2013.

The acquisition was completed and 1,325,726,134 new shares of the Company were allotted and issued to the Vendor on 28 October 2013.

As the completion accounts of the Target Companies had not been finalised as at the date of this report, there was no further financial information available for disclosure regarding the acquisition. Further details of the acquisition were included in the Company's circular dated 30 September 2013.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the twelve months ended 30 September 2013 (30 September 2012: Nil).

FINANCIAL REVIEW

The accounting policies and methods of computation used in the preparation of the financial statements for the twelve months ended 30 September 2013 were consistent with those used in last financial year ended 30 September 2012.

RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2013

The revenue of the Group for the twelve months ended 30 September 2013 decreased by 6% to HK$187.6 million from HK$199.3 million for the corresponding twelve months ended 30 September 2012. The decrease was primarily due to no sales from the Shanghai Shanshui Four Seasons project. The decrease was partially offset by the increase in rental income as a result of higher rental rates upon the renewal of the leases of Vision Shenzhen Business Park (VSBP) and Sohu.com Internet Plaza (SIP).

During the period under review, the Group reached a consensus with the relevant government authorities in Shenzhen for VSBP phase 3 property development in Shenzhen Hi-tech Industrial Park. The development project was fully impaired in prior years, and a portion of provision amounting to HK$262.4 million was written back accordingly during the current period. While the project will be developed into research and development offices for rental purpose and apartments for sale purpose, the provision written back was shared by business park segment amounting to HK$228.3 million and property development segment amounting to HK$34.1 million.

Other income and gain decreased to HK$30.3 million for the current period from HK$71.7 million for the corresponding twelve months ended 30 September 2012. The decrease was mainly due to a recovery of retention money of HK$41.4 million relating to the disposal of an interest in a land development site in Beijing in prior years included in the corresponding period and reduction in interest income by HK$15.2 million as a result of lower interest rates obtained from the bank deposits. The decrease was partially offset by the operating management fee of HK$14.3 million received from fellow subsidiary companies during the current period for the management services rendered on the daily operation of certain properties of fellow subsidiary companies.

The Group's direct operating expenses for the twelve months ended 30 September 2013 increased to HK$103.9 million from HK$81.4 million for the corresponding period ended 30 September 2012. The increase was mainly due to expenses of HK$30.9 million incurred for new PRC property development projects in Shenzhen, Shenyang and Dalian as well as for business expansion of the Group and higher marketing and operating expenses of HK$9.0 million for Shanghai Shanshui Four Seasons project. The increase was partially offset by the decrease in amortisation of land use rights of HK$15.2 million. The amortisation of land use rights for the period under review was capitalised in the project development cost since the development of projects were fully commenced in the current period, while the amortisation of HK$15.2 million was not capitalised for the corresponding period as the development of phases 3 to 5 of Shanghai Shanshui Four Seasons project had not been commenced.

The Group’s administrative expenses for the twelve months ended 30 September 2013 increased to HK$82.4 million from HK$33.8 million for the corresponding period ended 30 September 2012, mainly due to the increase in share-based compensation expenses.

Overall, the Group recorded lower profit attributable to owners of the Company for the twelve months ended 30 September 2013 of HK$240.5 million, against profit of HK$497.2 million for the corresponding period ended 30 September 2012. The decrease was mainly due to gain on changes in fair values of investment properties of HK$500.7 million (net of corporate income tax of HK$166.9 million) included in prior year. As there was a change in the financial year end date, no valuation of investment properties was performed in this year (up to 30 September), and the valuation was planned to be performed at year end of 2013. Any changes in the fair value of investment properties during the period would be reflected in the profit or loss. In current period, a provision written back of HK$262.4 million for a property development project in Shenzhen Hi-tech Industrial Park was recorded.

On a per-share basis, the Group recorded basic earnings of HK$0.0323, against HK$0.0726 for the twelve months ended 30 September 2012. There were no potentially dilutive ordinary shares in issue during the current period. Accordingly, the diluted earnings per share was same as the basic earnings per share. For the twelve months ended 30 September 2012, the diluted earnings per share was HK$0.0724.

BUSINESS SEGMENT

Property development

For the twelve months ended 30 September 2013, the property development revenue decreased to HK$5.8 million, representing 3% of the total revenue, compared with HK$21.7 million, representing 11% of the total revenue for the corresponding period ended 30 September 2012. The revenue of the corresponding period was mainly contributed by the sales from the Shanghai Shanshui Four Seasons project, and only sales of car park spaces in Hong Kong was recognised in the period under review. The property development segment recorded a profit of HK$19.4 million during the period under review, against a loss of HK$12.0 million for the corresponding period. The increase in profit was mainly due to a provision written back of HK$34.1 million for a property development project in Shenzhen Hi-tech Industrial Park included in the current period.

Business park

The revenue earned by the business park segment grew by 2%, from HK$177.6 million for the twelve months ended 30 September 2012 to HK$181.8 million, representing 97% of the total revenue for the twelve months ended 30 September 2013. This improved revenue was due to the higher rentals enjoyed by VSBP and SIP. During the period under review, the business park segment recorded a profit of HK$360.4 million, including a provision written back of HK$228.3 million for a property development project in Shenzhen Hi-tech Industrial Park, against a profit of HK$806.8 million for the corresponding period, including fair value gain on investment properties of HK$667.6 million.

SHAREHOLDERS' FUNDS

The Group's total shareholders' funds increased significantly by 38% from HK$2,822.4 million as at 30 September 2012 to HK$3,907.7 million as at 30 September 2013. The increase was contributed by the net proceeds of HK$691.6 million from the issue of new shares in early of February 2013 and the profit attributable to owners of the Company of HK$240.5 million for the period. On a per-share basis, the consolidated net asset value of the Group as at 30 September 2013 increased by HK$0.092 or 22% to HK$0.503, against HK$0.411 as at 30 September 2012. The total shareholders' funds constituted 46% of the total assets of HK$8,574.1 million as at 30 September 2013, against 50% of the total assets of HK$5,682.7 million as at 30 September 2012.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

Liquidity and capital resources

The Group's deposits, bank and cash balances and restricted cash decreased by HK$681.4 million or 53% to HK$595.5 million as at 30 September 2013 from HK$1,276.9 million as at 30 September 2012. The decrease was mainly due to acquisition of land use rights in Shenzhen, Shenyang, Dalian and Shaanxi, the PRC net of the receipt of net proceeds of HK$691.6 million from the issue of new shares and proceeds from the pre-sale of Shanghai Shanshui Four Seasons project launched in the current period.

For financing the Group's business development, the Company issued 900,000,000 new shares of the Company in early of February 2013 with net proceeds of approximately HK$691.6 million and two loan facilities from the ultimate holding company of RMB1,520 million and from the immediate holding company of HK$1,200 million during the period under review. The loan facilities of ultimate holding company and immediate holding company were unsecured and interest bearing at 6.15% per annum and 4% per annum, respectively. As at 30 September 2013, the undrawn loan facilities of ultimate holding company and immediate holding company amounted to RMB470.9 million and HK$1,130 million respectively.

Short-term and long-term bank and other borrowings

Total bank and other borrowings of the Group decreased by 24% to HK$1.1 billion as at 30 September 2013 from HK$1.4 billion as at 30 September 2012. The net debt (measured by total bank and other borrowings minus cash and bank deposits) rose to HK$493.9 million as at 30 September 2013 from HK$161.7 million as at 30 September 2012. The increase of net debt was mainly due to reduction in deposits, bank and cash balances of HK$681.4 million net of repayment of secured bank borrowings of HK$443.7 million. The Group's gearing ratio (defined as total bank and other borrowings over total equity, including non-controlling interests) fell to 23% as at 30 September 2013, down from 41% as at 30 September 2012.

The maturity profiles of the Group's bank and other borrowings outstanding as at 30 September 2013 and 30 September 2012 are summarised as below:

	30 September 2013 HK$'000 (Unaudited)	30 September 2012 HK$'000 (Audited)
Within the first year or on demand	**1,089,335**	1,178,079
In the second year	**-**	260,504
Wholly repayable within five years	**1,089,335**	1,438,583

FINANCIAL MANAGEMENT

Foreign exchange risk

As at 30 September 2013, borrowings denominated in United States dollars and Hong Kong dollars remained at the same levels while those in Renminbi decreased during the period review. The foreign exchange risk exposure was considered minimal. The Group will review and monitor its currency exposure from time to time and when appropriate to hedge its currency risk.

The currency denominations of the Group's bank and other borrowings outstanding as at 30 September 2013 and 30 September 2012 are summarised below:

	30 September 2013 HK$'000 (Unaudited)	30 September 2012 HK$'000 (Audited)
Hong Kong dollars	**719,029**	715,588
Renminbi	**91,169**	443,729
United States dollars	**279,137**	279,266
Total	**1,089,335**	1,438,583

Interest rate risk

As at 30 September 2013, 92% (30 September 2012: 100%) of bank and other borrowings of the Group were subject to floating interest rates. The interest rate risk exposure was considered acceptable and no hedging was considered necessary. The Group will continue to monitor the suitability and cost efficiency of hedging instrument (including interest rates swaps) and consider a mix of fixed and floating rate borrowings in order to manage its interest rate risk.

PLEDGE OF ASSETS

No asset of the Group was pledged at the end of the reporting period. At 30 September 2012, certain of the Group's bank and other borrowings were secured by certain properties under development with aggregate carrying value of HK$1,063.7 million.

CONTINGENT LIABILITIES

As at 30 September 2013, the Group did not have any significant contingent liabilities (30 September 2012: Nil).

REVIEW OF OPERATIONS

Property development

Shanghai Shanshui Four Seasons

This 71 hectare development site located in Songjiang, Shanghai, the PRC, in which the Group holds 54.85% controlling interest, was acquired in September 2005. This sizable site is to be constructed in several phases. As at 30 September 2013, phase 2A's accumulated contracted sales amounted to approximately RMB900 million. With its many attributes, including ease of accessibility and contemporary design, the Group is confident that phase 2 will be well received.

Shenyang Jindiyijing Project

On 26 March 2013, the Group successfully acquired a parcel of land with a total GFA of approximately 527,000 sm in Hunnanxin District, Shenyang, the PRC, through a public auction and holds 100% controlling interest in the land. This land will be developed into a large complex in three phases. The construction of phase 1 was commenced in May 2013, and the sale launched in October 2013. The project is in close proximity to Hun River and enjoys an excellent natural landscape. The Group will endeavor to build a high-quality townhouse community with this project and it is expected that the project will bring considerable sales revenue and profits to the Group.

Dalian Huiquan Road Project

On 29 May 2013, the Group together with an independent third party acquired a parcel of land with GFA of approximately 237,000 sm located next to Huiquan Road East, Ganjingzi District, Dalian, the PRC, through a public auction resulting in the Group holding a 90.1% interest in the land. During the period ended 30 September 2013, the Group acquired the remaining 9.9% interest from the minority shareholder and owned 100% interest in this project as at 30 September 2013.

The Group intends to develop this land principally into a low-density residential community in three phases. The construction of phase 1 is expected to commence by the end of 2013. The pre-sale of the residential units of this phase is expected to launch in 2014.

Xi'an Qujiang New District Project

On 27 August 2013, the Group acquired two sites with GFA of approximately 376,000 sm in Qujiang New District, Xi'an City, Shaanxi Province, the PRC, through a public auction resulting in the Group holding a 100% interest in these two sites. The Group intends to develop these two sites into a residential community. The construction of this project is expected to commence in the first half of 2014. The pre-sale of the residential units of this project is expected to launch in the second half of 2014.

Property investment

Vision Shenzhen Business Park (VSBP)

VSBP encompasses roughly 125,000 sm of office space and approximately 1,000 car park lots offered on a lease basis. There are seven medium-rise office buildings surrounding a 16,000 sm well-manicured park that includes sports and recreational amenities. Despite commanding rental rates well above average, phases 1 and 2 are fully occupied. While committed to providing exceptional services to tenants, the Group is able to efficiently manage the property by leveraging economies of scale.

Phase 3 of VSBP with GFA of approximately 240,000 sm will comprise office space for rental purpose as well as residential apartments and commercial space for sales purpose. At present, the Construction Land Planning Permit has been obtained and preparations for preliminary works are under way. It is expected that this project will contribute new streams of income to the Group.

Sohu.com Internet Plaza (SIP)

Completed in 2004, the 13-storey high-tech office facility is located within the Tsinghua Science Park in Zhongguancun, Haidian District, Beijing, the PRC. It is a joint venture with a subsidiary of the highly respected Tsinghua University.

Offering high international standards in property management, value-added services and facilities, together with its prestigious location, SIP presently enjoys full occupancy.

PROSPECTS

The Group is committed to completing the Shanghai Shanshui Four Seasons project, Shenyang Jindiyijing project and the VSBP phase 3 development with the objective of sustaining the Group's growth momentum.

In the future, the Group will be positioned as a national developer for urban complexes and the holder of exquisite commercial property in the medium to long-term; and will place full efforts in developing "quick turnover" properties (including residential and commercial properties) for sale in the short to medium-term in order to balance the cash flow and accelerate the speed of development and continue to bring satisfactory returns to the shareholders.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2013, the Group had approximately 258 employees (30 September 2012: 210 employees). Salaries of employees are maintained at competitive levels while bonuses may be granted on a discretionary basis with reference to the performance of the Group as well as the individual's performance. Other employee benefits include mandatory provident fund, insurance and medical cover, subsidised educational and training programmes as well as a share option scheme.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the twelve months ended 30 September 2013.

AUDIT COMMITTEE ("AC")

The Company has established an AC of the Board which currently comprises three independent non-executive directors, namely Mr. Hui Chiu Chung, Mr. Chiang Sheung Yee, Anthony and Mr. Hu Chunyuan, and is chaired by Mr. Hu Chunyuan. A set of written terms of reference, which described the authority and duties of the AC, has been adopted by the Board and the contents of which are in compliance with the code provisions and recommended best practices of the Corporate Governance Code and Corporate Governance Report ("**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"). The said terms of reference of the AC has been posted on the websites of The Hong Kong Exchange and Clearing Limited and the Company, respectively.

The AC is accountable to the Board and the principal duties of the AC are to provide an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of the Company and its subsidiaries, and as to the adequacy of the external and internal audits. The AC is provided with sufficient resources to perform its duties. The AC has reviewed with the management of the Company the accounting principles and practices adopted by the Group and has discussed auditing, internal controls and financial reporting matters.

REVIEW OF THE SECOND INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information of the Group for the twelve months ended 30 September 2013 has been reviewed by the AC, and have also been reviewed by Ernst & Young 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.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company had complied with the applicable code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules throughout the twelve months ended 30 September 2013 except for the deviations during the six months ended 31 March 2013 and such explanations set out in the last interim report.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") under Appendix 10 of the Listing Rules as its own code for dealing in securities of the Company by the directors of the Company. Having made specific enquiry of all directors of the Company, the Company confirmed that all directors had complied with the required standards set out in the Model Code throughout the twelve months ended 30 September 2013. The Model Code also applies to other specified senior management of the Company.

BOARD OF DIRECTORS

As at the date hereof, the Board of Directors comprises four executive Directors, namely Mr. Ling Ke, Mr. Huang Juncan, Mr. Wei Chuanjun and Mr. Xu Jiajun; and three independent non-executive Directors, namely Mr. Hui Chiu Chung, Mr. Chiang Sheung Yee, Anthony and Mr. Hu Chunyuan.

By Order of the Board
Gemdale Properties and Investment Corporation Limited
Huang Juncan
Chairman and Executive Director

Hong Kong, 18 November 2013