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 SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2015	2014	Change
	RMB'000	RMB'000	%
	(Unaudited)	(Unaudited)	
Revenue	**387,634**	121,443	+ 219
Gross profit	**183,579**	99,630	+ 84
Profit/(loss) after tax	**68,102**	(80,103)	N/A
Profit/(loss) attributable to owners of the Company	**32,766**	(72,016)	N/A
Earnings/(loss) per share attributable to owners of the Company			
- Basic (RMB)	**0.0027**	(0.0079)	N/A
- Diluted (RMB)	**0.0027**	(0.0079)	N/A
	30 June	31 December	
	2015	2014	Change
	RMB'000	RMB'000	%
	(Unaudited)	(Audited)	
Deposits, bank and cash balances	**2,326,310**	1,781,943	+ 31
Total borrowings	**1,787,436**	2,169,866	− 18
Net debt (1)	**N/A**	387,923	N/A
Net debt ratio (2)	**N/A**	6%	N/A
Shareholders fund	**7,402,708**	4,890,360	+ 51
Net assets per share attributable to owners of the Company (RMB)	**0.489**	0.538	− 9

(1) *Measured by total borrowings minus deposits, bank and cash balances*

(2) *Defined as net debt over total equity (including non-controlling interests)*

2015 INTERIM RESULTS (UNAUDITED)

The board of directors (the "Directors") of Gemdale Properties and Investment Corporation Limited (the "Company") announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015 together with the relevant comparative figures.

* *For identification purpose only*

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015

	Notes	**Six months ended 30 June 2015 RMB'000 (Unaudited)**	2014 RMB'000 (Unaudited and restated)
Revenue	*3*	**387,634**	121,443
Cost of sales		**(204,055)**	(21,813)
Gross profit		**183,579**	99,630
Direct operating expenses		**(140,101)**	(97,269)
Other income and gains	*3*	**83,764**	8,180
Administrative expenses		**(40,679)**	(43,578)
Finance costs	*4*	**(31,892)**	(27,727)
Share of profits and losses of joint ventures		**32,161**	(14,009)
Profit/(loss) before tax	*5*	**86,832**	(74,773)
Tax	*6*	**(18,730)**	(5,330)
Profit/(loss) for the period		**68,102**	(80,103)
Attributable to:			
Owners of the Company		**32,766**	(72,016)
Non-controlling interests		**35,336**	(8,087)
		68,102	(80,103)
Earnings/(loss) per share attributable to owners of the Company:			
- Basic (RMB)	*7*	**0.0027**	(0.0079)
- Diluted (RMB)	*7*	**0.0027**	(0.0079)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) and restated)
Profit/(loss) for the period	**68,102**	(80,103)
Other comprehensive (loss)/income		
- Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Exchange fluctuation reserves:		
Exchange differences on translation of foreign operations	**(451)**	(40,958)
Release upon deregistration of subsidiaries	**(32,094)**	-
	(32,545)	(40,958)
Fair value change of an available-for-sale financial investment	**230**	-
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(32,315)**	(40,958)
- Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods:		
Exchange fluctuation reserves:		
Exchange differences on translation of foreign operations	**(6,161)**	38,655
Other comprehensive loss for the period, net of tax	**(38,476)**	(2,303)
Total comprehensive income/(loss) for the period	**29,626**	(82,406)
Attributable to:		
Owners of the Company	**(9,754)**	(74,291)
Non-controlling interests	**39,380**	(8,115)
	29,626	(82,406)

Condensed Consolidated Statement of Financial Position

30 June 2015

	Note	**30 June 2015 RMB'000 (Unaudited)**	31 December 2014 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**22,048**	21,803
Investment properties		**3,433,958**	3,408,135
Prepayments, deposits and other receivables		**627,050**	323,107
Loans to a related company		**300,000**	200,000
Investments in joint ventures		**186,467**	78,030
Available-for-sale financial investment		**6,957**	6,960
Deferred tax assets		**64,160**	40,565
Total non-current assets		**4,640,640**	4,078,600
CURRENT ASSETS			
Properties held for sale		**656,705**	861,691
Properties under development		**8,250,654**	7,579,302
Prepayments for acquisitions of land use rights		**552,254**	-
Prepaid tax		**163,345**	-
Available-for-sale financial investments		**243,230**	300,000
Trade receivables	*8*	**8,833**	16,206
Prepayments, deposits and other receivables		**420,798**	212,944
Loan to a related company		**400,000**	-
Advances to joint ventures		**1,006,473**	-
Due from fellow subsidiaries		**28,427**	8,229
Due from a non-controlling shareholder		**49,882**	49,901
Due from a joint venture		**13,200**	-
Restricted cash		**10,827**	10,835
Deposits, bank and cash balances		**2,326,310**	1,781,943
Total current assets		**14,130,938**	10,821,051

Condensed Consolidated Statement of Financial Position (continued)

30 June 2015

	Note	**30 June 2015 RMB'000 (Unaudited)**	31 December 2014 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	*9*	**644,718**	1,036,119
Advanced receipts, accruals and other payables		**6,221,012**	4,105,120
Interest-bearing bank borrowings		**113,102**	301,770
Loans from the ultimate holding company		**429,795**	757,071
Loans from the immediate holding company		**243,298**	-
Due to the ultimate holding company		**1,122,436**	620,286
Due to the immediate holding company		**811**	-
Due to a non-controlling shareholder		**65,040**	57,775
Due to fellow subsidiaries		**3,699**	1,138
Due to a related company		**456**	456
Tax payable		**23,943**	144,822
Total current liabilities		**8,868,310**	7,024,557
NET CURRENT ASSETS		**5,262,628**	3,796,494
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,903,268**	7,875,094
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowing		**1,001,241**	1,111,025
Deferred tax liabilities		**640,365**	638,039
Total non-current liabilities		**1,641,606**	1,749,064
NET ASSETS		**8,261,662**	6,126,030
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**1,378,203**	899,882
Reserves		**6,024,505**	3,990,478
		7,402,708	4,890,360
Non-controlling interests		**858,954**	1,235,670
TOTAL EQUITY		**8,261,662**	6,126,030

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The unaudited interim condensed consolidated financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock 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").

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

As reported in the annual report 2014 of the Group, the presentation currency of the Group was changed from Hong Kong dollars to Reminbi ("RMB") starting from the year ended 31 December 2014. Since the Group mainly operates its business in the Mainland China and most of the assets and liabilities of the Group are denominated in RMB, the directors of the Company (the "Directors") considered that it is more appropriate to use RMB as the presentation currency of the Group and the presentation of financial statements in RMB can provide more relevant information for management to control and monitor the performance and financial position of the Group. Certain comparative figures have been restated to conform with the current period's presentation.

For the purpose of presenting the unaudited interim condensed consolidated financial information, the assets and liabilities for the condensed consolidated statement of financial position are translated into RMB at the closing rate at the end of the reporting period. Income and expenses for the condensed consolidated statement of profit or loss and condensed consolidated statement of comprehensive income are translated at the average exchange rates for the financial period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. The share capital, the share premium and reserves are translated at the exchange rate at the date of transaction. The non-controlling interests for the condensed consolidated statement of financial position are translated into RMB at the closing rate at the end of the reporting period.

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 31 December 2014, except as described below. In the current period, the Group has applied, for the first time, the following revised Hong Kong Financial Reporting Standards ("HKFRS", which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA which are effective for the Group's financial years beginning on or after 1 January 2015.

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

Other than as further explained below regarding the impact of amendments to HKFRS 8 included in *Annual Improvements 2010-2012 Cycle*, 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.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. The Group adopted the amendments from 1 January 2015. None of the amendments have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by managements in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

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, profit/(loss) before tax, assets and liabilities by reportable segments for the period under review is as follows:

	Property development RMB'000	Property investment and management RMB'000	Corporate RMB'000	Total RMB'000
For the six months ended 30 June 2015 (Unaudited)				
Segment revenue	274,838	112,796	-	387,634
Segment results	30,470	80,252	115	110,837
Reconciliation				
Bank interest income				7,887
Finance costs				(31,892)
Profit before tax				86,832
Other segment information:				
Share of profits and losses of joint ventures	(32,161)	-	-	(32,161)
Depreciation	545	1,970	1,879	4,394
Impairment of receivables, net	176	292	3	471
Release of exchange fluctuation reserves upon deregistration of subsidiaries	-	7,466	(39,560)	(32,094)
Capital expenditure*	1,081	29,419	14	30,514
As at 30 June 2015 (Unaudited)				
Segment assets	13,683,232	4,234,170	18,282	17,935,684
Reconciliation				
Other unallocated assets				835,894
Total assets				18,771,578
Segment liabilities	7,180,367	103,182	11,976	7,295,525
Reconciliation				
Other unallocated liabilities				3,214,391
Total liabilities				10,509,916
Other segment information:				
Investments in joint ventures	186,467	-	-	186,467

	Property development RMB'000	Property investment and management RMB'000	Corporate RMB'000	Total RMB'000
For the six months ended 30 June 2014 (Unaudited)				
Segment revenue	26,155	95,288	-	121,443
Segment results	(77,113)	65,197	(42,050)	(53,966)
Reconciliation				
Bank interest income				6,920
Finance costs				(27,727)
Loss before tax				(74,773)
Other segment information:				
Share of profits and losses of joint ventures	14,009	-	-	14,009
Depreciation	395	851	1,901	3,147
Impairment/(reversal of impairment) of receivables, net	(61)	518	(108)	349
Capital expenditure*	1,929	40,295	704	42,928
As at 31 December 2014 (Audited)				
Segment assets	10,549,369	4,249,494	19,893	14,818,756
Reconciliation				
Other unallocated assets				80,895
Total assets				14,899,651
Segment liabilities	5,772,075	108,341	17,894	5,898,310
Reconciliation				
Other unallocated liabilities				2,875,311
Total liabilities				8,773,621
Other segment information:				
Investments in joint ventures	78,030	-	-	78,030

* *Capital expenditure consists of additions of property, plant and equipment and investment properties.*

3. REVENUE, OTHER INCOME AND GAINS

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

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Sale of properties	**274,838**	26,155
Gross rental income	**65,540**	51,552
Property management fee income	**23,797**	21,760
Entrusted management fee income from fellow subsidiaries	**21,976**	21,976
Utility income	**1,483**	-
	387,634	121,443
Other income and gains		
Bank interest income	**7,887**	6,920
Interest income on loans to related companies	**13,003**	-
Interest income on advances to joint ventures	**20,167**	-
Interest income from available-for-sale financial investments	**3,446**	-
Interest income from a held-to-maturity investment	**-**	103
Release of exchange fluctuation reserves upon deregistration of subsidiaries	**32,094**	-
Consulting service income	**4,531**	-
Others	**2,636**	1,157
	83,764	8,180

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on borrowings wholly repayable within five years:		
- bank borrowings	**24,000**	18,965
- loans from the ultimate holding company	**11,757**	65,522
- loans from the immediate holding company	**2,707**	7,272
- loan from a non-controlling shareholder	**-**	2,415
	38,464	94,174
Other finance costs	**5,017**	3,890
Total finance costs incurred	**43,481**	98,064
Less: Interest capitalised in		
- investment properties	**(2,783)**	-
- properties under development	**(8,806)**	(70,337)
	31,892	27,727

5. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation	**4,427**	3,213
Less: Amounts capitalised to property development projects	**(33)**	(66)
	4,394	3,147
Gross rental income (*Note 3*)	**(65,540)**	(51,552)
Less: Outgoing expenses	**7,808**	6,265
Net rental income	**(57,732)**	(45,287)
Impairment of other receivables, net	**172**	638
Impairment/(reversal of impairment) of trade receivables, net	**299**	(289)
Amortisation of land use rights	**39,095**	38,854
Less: Amounts capitalised to property development projects	**(39,095)**	(38,854)
	-	-
Minimum lease payments under operating leases in respect of land and buildings	**6,179**	6,869
Employees benefits expenses (including Directors' emoluments):		
Wages and salaries	**26,208**	27,427
Share-based compensation expenses	**30,415**	26,967
Pension schemes contributions	**3,465**	3,488
Total employees benefits expenses	**60,088**	57,882
Auditors' remuneration	**694**	687
Foreign exchange (gains)/losses, net	**(5,646)**	3,609
Release of exchange fluctuation reserves upon deregistration of subsidiaries	**(32,094)**	-

6. 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 (2014: Nil). Taxation on Mainland China profits was calculated on the estimated assessable profits for the period at the rates of tax prevailing in the jurisdiction in which the Group operates.

The provision of land appreciation tax ("LAT") has been estimated according to the requirements set forth in the relevant PRC laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

The amount of tax charged to the interim condensed consolidated statement of profit or loss represented:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Income tax in Hong Kong	**-**	-
Corporate income tax in Mainland China		
- Charge for the period	**48,622**	15,252
- (Over)/underprovision in prior periods	**(88)**	1,289
LAT in Mainland China	**(8,802)**	340
Deferred	**(21,002)**	(11,551)
	18,730	5,330

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the profit/(loss) for the period attributable to owners of the Company and the weighted average of 12,278,106,556 (2014: 9,093,101,032) ordinary shares in issue during the period.

(b) Diluted earnings/(loss) per share

The Company's share options have no dilutive effect for the periods ended 30 June 2015 and 30 June 2014 because the exercise prices of the Company's share options were higher than the average market price of the Company's shares for both periods.

8. TRADE RECEIVABLES

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade receivables	**9,298**	16,372
Impairment	**(465)**	(166)
	8,833	16,206

Trade receivables represent sales proceeds in respect of sold properties and rental receivables. Sales proceeds in respect of sold properties are 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.

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 certain number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing and unsecured.

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Within 1 month	**8,753**	16,206
1 to 3 months	**80**	-
	8,833	16,206

9. TRADE AND BILLS PAYABLES

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade and bills payables	**644,718**	1,036,119

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Within 1 month	**306,753**	800,065
1 to 3 months	**135,156**	139,163
Over 3 months	**202,809**	96,891
	644,718	1,036,119

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

10. BUSINESS COMBINATIONS

During the current period, for expansion of the property development business, the Group acquired two property development companies in Mainland China. Details of the acquisitions are as follows:

On 18 May 2015, a subsidiary of the Company entered into a sale and purchase agreement with two independent third parties to acquire 100% interest in the shares of 大連匯載置業有限公司 Dalian Huizai Real Estate Company Limited* ("Huizai") at a consideration of RMB10,000,000. Huizai is engaged in property development in Mainland China.

On 20 June 2015, a subsidiary of the Company entered into a sale and purchase agreement with two independent third parties to acquire 100% interest in the shares of 北京瑞達鑫遠科技有限公司 Beijing Ruida Xinyuan Technology Company Limited* ("Ruida") at a consideration of RMB10,000,000. Ruida is engaged in investment holding of a joint venture whose principal activity is property development in Mainland China.

The fair values of the identifiable assets and liabilities of Huizai and Ruida as at the dates of acquisitions are as follows:

	Huizai RMB'000 (Unaudited)	**Ruida RMB'000 (Unaudited)**
Investment in a joint venture	-	6,276
Properties under development	85,609	-
Deposits and other receivables	30	10,312
Bank balances	-	16
Trade payables	(687)	-
Other payables	-	(6,600)
Loans from shareholders	(74,952)	-
Tax payables	-	(4)
Total identifiable net assets at fair value	10,000	10,000
Satisfied by:		
Cash	10,000	-
Other payable	-	10,000

The fair values and gross contractual amounts of deposits and other receivables of Huizai and Ruida as at the dates of acquisitions amounted to RMB30,000 and RMB10,312,000, respectively. No deposits or other receivables are expected to be uncollectible.

An analysis of the cash flows in respect of the acquisitions of subsidiaries is as follows:

	Huizai RMB'000 (Unaudited)	**Ruida RMB'000 (Unaudited)**
Cash consideration	(10,000)	-
Bank balances acquired	-	16
Net (outflow)/inflow of cash and cash equivalents included in cash flows from investing activities	(10,000)	16

* *For identification purpose only*

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

FINANCIAL REVIEW

The accounting policies and methods of computation used in the preparation of the financial statements for the six months ended 30 June 2015 were consistent with those used in the last financial year ended 31 December 2014, except that the Group has applied, for the first time, the revised Hong Kong Financial Reporting Standards ("HKFRS", which include all HKFRSs, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants which are effective for the Group's financial years beginning on or after 1 January 2015.

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The revenue of the Group for the six months ended 30 June 2015 increased significantly by 219% to RMB387.6 million from RMB121.4 million for the corresponding six months ended 30 June 2014. The increase was primarily due to higher revenue recognised from sales of properties and increase in rental income.

Other income and gains increased to RMB83.8 million for the current period from RMB8.2 million for the corresponding six months ended 30 June 2014. The increase was mainly due to the release of exchange fluctuation reserves upon deregistration of subsidiaries of RMB32.1 million and the interest income on loans to related companies and advances to joint ventures amounting to RMB33.2 million during the period under review.

The Group's direct operating expenses for the six months ended 30 June 2015 increased to RMB140.1 million from RMB97.3 million for the corresponding period ended 30 June 2014. The increase was mainly due to higher marketing and operating expenses incurred as more PRC property development projects launched pre-sales and increased business activities of the Group during the current period.

The Group's administrative expenses for the six months ended 30 June 2015 slightly reduced to RMB40.7 million from RMB43.6 million for the corresponding period ended 30 June 2014.

The finance costs went up to RMB31.9 million for the current period from RMB27.7 million for the six months ended 30 June 2014. The increase was mainly due to two quarters of interest on certain bank loans reported in the current period against one quarter of interest charged in the corresponding period ended 30 June 2014.

Due to higher revenue recognition of Tianjin joint venture, share of results of joint ventures reported a profit of RMB32.2 million for the six months ended 30 June 2015, against a loss of RMB14.0 million for the corresponding period ended 30 June 2014.

Overall, the Group recorded profit attributable to owners of the Company for the six months ended 30 June 2015 of RMB32.8 million, versus loss of RMB72.0 million for the corresponding period ended 30 June 2014. The turnaround was mainly due to the increase in revenue recognised from the Group's property development projects and a turnaround of share of results of joint ventures during the current period.

The Group recorded basic earnings per share of RMB0.0027 for the six months ended 30 June 2015, versus a basic loss per share of RMB0.0079 for the corresponding period ended 30 June 2014. The Company’s share options have no dilutive effect for the periods ended 30 June 2015 and 30 June 2014. Accordingly, the diluted earnings/loss per share were same as the basic earnings/loss per share.

BUSINESS SEGMENTS

Property development

For the six months ended 30 June 2015, the revenue of property development segment increased substantially to RMB274.8 million, representing 71% of the total revenue, compared to RMB26.2 million, representing 22% of the total revenue for the corresponding period ended 30 June 2014. The revenue for the current period was mainly contributed from the sales of properties of Shanghai Shanshui Four Seasons, Dalian Huiquan and Shenyang Yijing projects while only revenue from sales of properties of Shenyang Yijing project was recorded in the corresponding period. The property development segment during the current period recorded a profit of RMB30.5 million, against a loss of RMB77.1 million for the corresponding period. The increase in the segment results was mainly due to increase in profit from sales of properties and share of profits of joint ventures during the current period.

Property investment and management

The revenue recognised by the property investment and management segment for the six months ended 30 June 2015 increased to RMB112.8 million, representing 29% of the total revenue, compared to RMB95.3 million, representing 78% of the total revenue for the six months ended 30 June 2014. The increase in revenue was due to the higher rental rate charged by Vision Shenzhen Business Park and Sohu.com Internet Plaza on new and renewed leases. During the period under review, the property investment and management segment recorded a profit of RMB80.3 million, against RMB65.2 million for the corresponding period.

SHAREHOLDERS' FUNDS

The Group's total shareholders' funds increased significantly by 51% from RMB4,890.4 million as at 31 December 2014 to RMB7,402.7 million as at 30 June 2015. The increase was mainly contributed by the net proceeds of RMB2,491.7 million raised from issuance of new shares in February 2015 and May 2015. On a per-share basis, the consolidated net asset value attributable to owners of the Company as at 30 June 2015 decreased by RMB0.049 or 9% to RMB0.489, against RMB0.538 as at 31 December 2014.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

Liquidity and capital resources

The Group's deposits, bank and cash balances increased by RMB544.4 million or 31% to RMB2,326.3 million as at 30 June 2015 from RMB1,781.9 million as at 31 December 2014. The increase was mainly due to net proceeds of RMB2,491.7 million raised from issuance of new shares and the proceeds from properties sales, netting off with cash applied to land acquisitions, development costs of PRC property projects and repayment of bank loans.

Borrowings

Total bank borrowings of the Group decreased by 21% to RMB1,114.3 million as at 30 June 2015 from RMB1,412.8 million as at 31 December 2014. During the period under review, the Group fully repaid two 1-year term loan facilities, totalling approximately RMB301.9 million.

There was no net debt (measured by total borrowings minus deposits, bank and cash balances) as at 30 June 2015 while the net debt as at 31 December 2014 was RMB387.9 million. The reduction of net debt was mainly due to issuance of new shares with receipt of net proceeds of RMB2,491.7 million. The Group's net debt ratio (defined as net debt over total equity, including non-controlling interests) fell to nil as at 30 June 2015, down from 6% as at 31 December 2014.

The maturity profiles of the Group's outstanding borrowings as at 30 June 2015 and 31 December 2014 are summarised as below:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Bank borrowings:		
Within the first year or on demand	**113,102**	301,770
In the second year	**1,001,241**	222,205
In the third to fifth years, inclusive	**-**	888,820
	1,114,343	1,412,795
Loans from related parties:		
Within the first year or on demand	**673,093**	757,071
Total borrowings wholly repayable within five years	**1,787,436**	2,169,866

FINANCIAL MANAGEMENT

Foreign exchange risk

As at 30 June 2015, borrowings denominated in US$ and RMB decreased while those borrowings denominated in HK$ increased. Most of the operating income of the Group's business is denominated in RMB, the Group was exposed to foreign currency risk. Moderate depreciation of RMB against US$ and HK$ was expected, the foreign exchange risk exposure was considered acceptable. 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 outstanding borrowings as at 30 June 2015 and 31 December 2014 are summarised below:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Hong Kong dollar	**243,298**	118,200
Renminbi	**429,795**	757,071
United States dollar	**1,114,343**	1,294,595
Total	**1,787,436**	2,169,866

Interest rate risk

As at 30 June 2015, 62% (31 December 2014: 65%) of 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

As at 30 June 2015 and 31 December 2014, no asset of the Group was pledged.

CONTINGENT LIABILITIES

As at 30 June 2015, the Group provided guarantees to certain banks in respect of mortgage granted by banks relating to the mortgage loans arranged for purchases of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principal together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates. As at 30 June 2015, the Group's outstanding guarantees amounted to RMB154,540,000 (31 December 2014: RMB76,552,000).

The Directors consider that the fair value of the guarantees is not significant and in case of default in payments, the net realisable value of the related properties will be sufficient to cover the outstanding mortgage principals, the accrued interest and penalty. Therefore no provision has been made in the financial statements as at 30 June 2015 (31 December 2014: Nil) for these guarantees.

REVIEW OF OPERATIONS

The management of the Group believes that, with a sizable and quality land bank is one of the most important factors for a property developer to be success. Timing for acquisition of land bank at competitive price is the core successful factor of the Group.

In May 2015, the Group acquired the land use right of a parcel of land located in Nanjing with gross floor area ("GFA") of approximately 335,000 square meters through a public land auction successfully at a consideration of approximately RMB2.028 billion. The land is expected to be developed into an urban complex comprising residential, commercial, offices and services apartments. This land is located in prime location of Nanjing and has great development potential in residential, commercial and offices properties. In June 2015, the Group also acquired the land use right of a parcel of land located in Gao Xin district, Suzhou with GFA of approximately 149,000 square meters through a public land auction successfully at a consideration of approximately RMB830 million. The land is expected to be developed into residential properties for sale. These acquisitions not only increased the land bank of the Group for future development but also provided an excellent investment opportunity for the Group to establish its position in the property market in Nanjing and Suzhou, the PRC.

During the period, the Group acquired a project company owning a land in Hui Quan Road, Gan Jing Zi district, Dalian with GFA of approximately 27,000 square meters. The Group owns 100% stake in this project. It is expected to be developed into residential properties for sale.

Also, the Group co-invested with certain third parties to acquire certain lands during the current period. The relevant projects comprised Ningbo Changfeng 2 project which is owned as to 30% interest by the Group with GFA of approximately 98,000 square meters; Tianjin Bei Chen Nong Ken project which is owned as to 20% interest by the Group with GFA of approximately 360,000 square meters; and Beijing Shun Yi Ren He Zhen project which is owned as to 33% interest by the Group with GFA of approximately 110,000 square meters. All the above projects are expected to be developed mainly for residential properties for sale.

As at 30 June 2015, the land bank of the Group involved 11 cities in the PRC, with GFA of about 4.5 million square meters of which about 33% were located in the first-tier cities, including Beijing, Shanghai and Shenzhen and the remaining 67% were located in the second-tier cities, including Dalian, Hangzhou, Nanjing, Ningbo, Shenyang, Suzhou, Tianjin and Xi'an.

The Group's land bank and location are summarised below:

	Total GFA (thousand square meters)	%
Beijing	475	10.5
Dalian	248	5.5
Hangzhou	115	2.6
Nanjing	335	7.4
Ningbo	244	5.4
Shanghai	631	14.0
Shenyang	656	14.5
Shenzhen	383	8.5
Suzhou	149	3.3
Tianjin	599	13.3
Xi'an	677	15.0
Total	4,512	100.0

SEGMENT INFORMATION

Properties sales and development

As at 30 June 2015, the Group is developing 19 projects of which 16 projects comprise mainly service apartments, residential and commercial projects for sale. With more available properties for sale and the Group's high quality residential/commercial projects continued to attract medium to high income level end-users, the sales performance became prominent starting in 2014. For the six months ended 30 June 2015, the aggregated contracted sales of the Group achieved RMB4.17 billion, with an aggregated contracted sales area of approximately 245,000 square meters, representing an increase of 7% and a drop of 12% respectively compared to respective period in 2014.

Currently, the commercial projects of the Group being developed include Vision Shenzhen Business Park Phase 3 in Shenzhen Nanshan district which would be developed as commercial properties for lease as corporate headquarters, research and development office, and specialty commercial enterprises. This project would become the flagship project of the Group in Shenzhen.

Property Leasing

As at 30 June 2015, Vision Shenzhen Business Park Phases 1 and 2, located in Shenzhen Nanshan district, were nearly 100% occupied and both of their rental income and management quality were a representative project in the core area of Nanshan district while Beijing Sohu.com Internet Plaza (which is owned as to 60% by the Group), located at Tsinghua Science Park in Zhongguancun, Haidian district, Beijing, was 100% occupied.

For the six months ended 30 June 2015, with the outstanding performance in the growth of rental revenue and profit as well as the introduction of international well-known high-quality tenants comprising Alibaba and Intel, the rental and property management fee income contributed by these two property projects to the Group amounted to approximately RMB88 million, representing an increase of 22% compared to respective period of 2014.

Following by the completion of Vision Shenzhen Business Park Phase 3, the shopping malls in Hangzhou Yuhang district and Nanjing Jianye district in the next two to three years, it is expected that a great portion of rental income will provide steady cash flows and operating profits to the Group.

PROSPECTS

The Group will continue to focus on quick turnaround residential property development in the short term in order to expand its scale and improve profitability. With more residential projects of the Group being launched for sale and generate operating cash flows, it is expected to bring strong revenue and operating results to the Group. It established a solid foundation for the Group to expand and grow.

The Group will develop and invest according to the changing macro-economic environment and demand-supply horizon. It would focus on investing in the top fifteen cities in the PRC with a huge and growing population landscape through public land auctions in open markets or cooperation with third parties. The Group will also promote the development of city complex projects as well as business parks in order to maintain a proper proportion of residential sales and investment properties to balance cash flows and operating profits. It would also explore investment opportunities in overseas to enhance returns and diversify risks.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company had complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2015, except for the following deviation:

1. Under CG Code A.6.7, independent non-executive Directors should attend general meetings and develop a balanced understanding of the view of shareholders. Due to other prearranged business commitments which must be attended by Mr. Hu Chunyuan, an independent non-executive Director, he was not able to attend the special general meeting and the annual general meeting of the Company held on 2 February 2015 and 8 May 2015 respectively.

2. Under CG Code E.1.2, the chairman of the board should attend the annual general meeting of the Company. Due to other pre-arranged business commitments which must be attended by Mr. Huang Juncan, the chairman of the Board, he was not able to attend the annual general meeting of the Company held on 8 May 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers, as amended from time to time (the "Model Code"), as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiries of all Directors, the Company confirmed that all Directors had complied with the required standards set out in the Model Code throughout the six months ended 30 June 2015. The Model Code also applies to other specified senior management of the Company.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2015, the Group had 477 (30 June 2014: 427) 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.

The emoluments of the Directors are determined with reference to Directors' duties, responsibilities and performance and the results of the Group.

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 during the six months ended 30 June 2015.

AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee") currently comprises Mr. Hu Chunyuan (Chairman of the committee), Mr. Hui Chiu Chung and Mr. Chiang Sheung Yee, Anthony. All Audit Committee members are independent non-executive Directors.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial information as of and for the six months ended 30 June 2015.

The unaudited condensed consolidated interim financial information of the Group as of and for the six months ended 30 June 2015 has 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.

BOARD OF DIRECTORS

As at the date hereof, the Board of Directors comprises four executive Directors, namely Mr. Ling Ke, Mr. Huang Juncan, Mr. Xu Jiajun and Mr. Wei Chuanjun; two non-executive Directors, namely Mr. Loh Lian Huat and Ms. Zhang Feiyun; 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, 17 August 2015