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 2016

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2016	2015	Change
	RMB'000	RMB'000	%
	(Unaudited)	(Unaudited)	
Revenue	**2,710,931**	387,634	＋ 599
Gross profit	**686,355**	183,579	＋ 274
Profit after tax	**415,597**	68,102	＋ 510
Profit attributable to owners of the Company	**373,350**	32,766	＋ 1039
Earnings per share attributable to owners of the Company			
- Basic (RMB)	**0.0236**	0.0027	774
- Diluted (RMB)	**0.0236**	0.0027	774
	30 June 2016	31 December 2015	Change
	RMB'000	RMB'000	%
	(Unaudited)	(Audited)	
Deposits, bank and cash balances	**2,878,199**	1,724,917	＋ 67
Total borrowings	**8,430,330**	4,147,432	＋ 103
Net debt [(1)]	**5,552,131**	2,422,515	＋ 129
Net debt ratio [(2)]	**56%**	25%	N/A
Shareholders fund	**8,709,004**	8,679,597	0
Net assets per share attributable to owners of the Company (RMB)	**0.551**	0.550	0

[(1)] *Measured by total borrowings minus cash and bank balances excluding restricted cash*

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

2016 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 2016 together with the relevant comparative figures.

***** *For identification purpose only*

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2016

	Notes	Six months ended 30 June 2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Revenue	3	**2,710,931**	387,634
Cost of sales		**(2,024,576)**	(204,055)
Gross profit		**686,355**	183,579
Direct operating expenses		**(202,807)**	(140,101)
Other income and gains	3	**190,120**	83,764
Administrative expenses		**(41,988)**	(40,679)
Finance costs	4	**(99,604)**	(31,892)
Share of profits and losses of joint ventures		**105,568**	32,161
Profit before tax	5	**637,644**	86,832
Tax	6	**(222,047)**	(18,730)
Profit for the period		**415,597**	68,102
Attributable to:			
Owners of the Company		**373,350**	32,766
Non-controlling interests		**42,247**	35,336
		415,597	68,102
Earnings per share attributable to owners of the Company:			
- Basic (RMB)	7	**0.0236**	0.0027
- Diluted (RMB)	7	**0.0236**	0.0027

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period	**415,597**	68,102
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	**(155,457)**	(451)
Share of exchange differences on translation of foreign operations of a joint venture	**3,225**	-
Release upon deregistration of subsidiaries	**(4,786)**	(32,094)
	(157,018)	(32,545)
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	**(157,018)**	(32,315)
- Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:		
Exchange fluctuation reserves:		
Exchange differences on translation of foreign operations	**117,036**	(6,161)
Other comprehensive loss for the period, net of tax	**(39,982)**	(38,476)
Total comprehensive income for the period	**375,615**	29,626
Attributable to:		
Owners of the Company	**334,573**	(9,754)
Non-controlling interests	**41,042**	39,380
	375,615	29,626

Condensed Consolidated Statement of Financial Position

30 June 2016

	Note	**30 June 2016 RMB'000 (Unaudited)**	31 December 2015 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**51,899**	35,396
Investment properties		**4,040,602**	4,004,049
Prepayments for acquisitions of land use rights		**102,870**	100,500
Prepayments, deposits and other receivables		**889,045**	854,412
Investments in joint ventures		**1,176,572**	715,735
Advances to joint ventures		**25,000**	187,622
Loan to a related company		**420,000**	420,000
Available-for-sale financial investments		**57,540**	7,583
Deferred tax assets		**131,468**	136,864
Total non-current assets		**6,894,996**	6,462,161
CURRENT ASSETS			
Properties held for sale		**2,335,947**	1,270,684
Properties under development		**10,672,562**	10,237,353
Prepayments for acquisitions of land use rights		**-**	1,124,276
Available-for-sale financial investments		**800,200**	1,400,000
Trade receivables	*8*	**12,631**	9,253
Prepayments, deposits and other receivables		**1,210,533**	1,359,280
Loans to a related company		**680,000**	-
Advances to joint ventures		**1,267,350**	655,691
Due from the ultimate holding company		**-**	400
Due from fellow subsidiaries		**5,948**	4,355
Due from joint ventures		**340,781**	699,600
Due from a non-controlling shareholder		**38,192**	52,938
Due from a related company		**-**	674
Prepaid tax		**110,537**	79,516
Restricted cash		**3,326**	19,827
Deposits, bank and cash balances		**2,878,199**	1,724,917
Total current assets		**20,356,206**	18,638,764

Condensed Consolidated Statement of Financial Position (continued)

30 June 2016

	Note	**30 June 2016 RMB'000 (Unaudited)**	31 December 2015 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	*9*	**981,820**	2,050,297
Advanced receipts, accruals and other payables		**6,332,844**	5,727,605
Interest-bearing bank and other borrowings		**400,297**	-
Loans from the ultimate holding company		**5,904,587**	2,105,589
Loans from the immediate holding company		**-**	2,041,843
Loans from a fellow subsidiary		**2,108,067**	-
Loans from non-controlling shareholders		**17,379**	-
Due to the ultimate holding company		**7,279**	1,674,527
Due to the immediate holding company		**-**	6,936
Due to fellow subsidiaries		**69,608**	7,148
Due to joint ventures		**234,040**	140,320
Due to non-controlling shareholders		**161,064**	77,993
Due to a related company		**852**	456
Tax payable		**426,194**	749,440
Total current liabilities		**16,644,031**	14,582,154
NET CURRENT ASSETS		**3,712,175**	4,056,610
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,607,171**	10,518,771
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**670,425**	668,745
NET ASSETS		**9,936,746**	9,850,026
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**1,432,193**	1,432,193
Reserves		**7,276,811**	7,247,404
		8,709,004	8,679,597
Non-controlling interests		**1,227,742**	1,170,429
TOTAL EQUITY		**9,936,746**	9,850,026

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 2015.

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 2015, 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 2016.

Amendments to HKFRS 10 HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

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.

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 performance and allocating resources between segments.

An analysis of the Group's revenue, profit/(loss), 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 2016 (Unaudited)				
Segment revenue	2,599,853	111,078	-	2,710,931
Segment results	684,447	76,045	(30,914)	729,578
Reconciliation				
Bank interest income				7,670
Finance costs				(99,604)
Profit before tax				637,644
Other segment information:				
Share of profits and losses of joint ventures	(105,568)	-	-	(105,568)
Depreciation	2,713	2,337	404	5,454
Gain/(loss) on disposal and deemed disposal of subsidiaries	(453)	42	-	(411)
Impairment/(reversal of impairment) of receivables, net	27,205	(188)	(1)	27,016
Release of exchange fluctuation reserves upon deregistration of subsidiaries	-	-	(4,786)	(4,786)
Capital expenditure*	20,337	38,390	11	58,738
As at 30 June 2016 (Unaudited)				
Segment assets	22,430,811	4,548,114	16,595	26,995,520
Reconciliation				
Other unallocated assets				255,682
Total assets				27,251,202
Segment liabilities	13,505,437	110,463	15,834	13,631,734
Reconciliation				
Other unallocated liabilities				3,682,722
Total liabilities				17,314,456
Other segment information:				
Investments in joint ventures	1,174,130	2,442	-	1,176,572

	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 31 December 2015 (Audited)				
Segment assets	20,327,202	4,526,150	17,484	24,870,836
Reconciliation				
Other unallocated assets				230,089
Total assets				25,100,925
Segment liabilities	9,903,114	105,061	15,636	10,023,811
Reconciliation				
Other unallocated liabilities				5,227,088
Total liabilities				15,250,899
Other segment information:				
Investments in joint ventures	715,735	-	-	715,735

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

3. REVENUE, OTHER INCOME AND GAINS

Revenue 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	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Sale of properties	**2,599,853**	274,838
Gross rental income from:		
- fellow subsidiaries	**3,972**	-
- third parties	**66,766**	65,540
Property management fee income	**22,653**	23,797
Entrusted management fee income from fellow subsidiaries	**12,428**	21,976
Utility income	**5,259**	1,483
	2,710,931	387,634
Other income and gains		
Bank interest income	**7,670**	7,887
Interest income on loans to related companies	**17,202**	13,003
Interest income on advances to joint ventures	**57,341**	20,167
Interest income from available-for-sale financial investments	**8,727**	3,446
Interest income on loans receivable	**81,694**	-
Release of exchange fluctuation reserves upon deregistration of subsidiaries	**4,786**	32,094
Consulting service income from:		
- a joint venture	**195**	-
- third parties	**1,841**	4,531
Net gain on disposal and deemed disposal of subsidiaries *(Note 12)*	**411**	-
Others	**10,253**	2,636
	190,120	83,764

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on borrowings		
- bank and other borrowings	**3,356**	24,000
- loans from the ultimate holding company	**73,864**	11,757
- loans from the immediate holding company	**7,169**	2,707
- loans from a fellow subsidiary	**35,711**	-
- loans from non-controlling shareholders	**192**	-
	120,292	38,464
Other finance costs	**1,230**	5,017
Total finance costs incurred	**121,522**	43,481
Less: Interest capitalised in		
- investment properties	**(3,578)**	(2,783)
- properties under development	**(18,340)**	(8,806)
	99,604	31,892

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold	**2,024,576**	204,055
Depreciation	**5,557**	4,427
Less: Amounts capitalised to property development projects	**(103)**	(33)
	5,454	4,394
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**20,415**	7,808
Impairment of other receivable and loans receivable, net	**26,846**	172
Impairment of trade receivable, net	**170**	299
Amortisation of land use rights	**64,656**	39,095
Less: Amounts capitalised to property development projects	**(64,656)**	(39,095)
	-	-
Minimum lease payments under operating leases	**9,700**	6,179
Employees benefits expenses (including Directors' emoluments):		
Wages and salaries	**41,635**	26,208
Share-based compensation expenses	**10,670**	30,415
Pension schemes contributions	**6,818**	3,465
Total employees benefits expenses	**59,123**	60,088
Auditors' remuneration	**967**	694
Foreign exchange losses/(gains) , net	**452**	(5,646)
Net gain on disposal and deemed disposal of subsidiaries *(Note 12)*	**(411)**	-
Release of exchange fluctuation reserves upon deregistration of subsidiaries *(Note 3)*	**(4,786)**	(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 (2015: 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 for 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	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Income tax in Hong Kong	**-**	-
Corporate income tax in Mainland China		
- Charge for the period	**135,092**	48,622
- Under/(over)provision in prior periods	**404**	(88)
LAT in Mainland China	**83,635**	(8,802)
Deferred	**2,916**	(21,002)
	222,047	18,730

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company and the weighted average number of ordinary shares of 15,793,467,827 (2015: 12,278,106,556) in issue during the period.

(b) Diluted earnings per share

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2016 and 30 June 2015 in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

8. TRADE RECEIVABLES

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Trade receivables	**13,207**	9,659
Impairment	**(576)**	(406)
	12,631	9,253

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 receipts 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 reporting date, based on the invoice date and net of provisions, is as follows:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Within 1 month	**12,507**	9,253
1 to 3 months	**124**	-
	12,631	9,253

9. TRADE AND BILLS PAYABLES

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Trade and bills payables	**981,820**	2,050,297

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

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Within 1 month	**444,492**	1,642,821
1 to 3 months	**242,068**	229,797
Over 3 months	**295,260**	177,679
	981,820	2,050,297

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

10. BUSINESS COMBINATIONS

During the prior 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:

	Fair value recognised on acquisition	
	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 former shareholders	(74,952)	-
Tax payable	-	(4)
Total identifiable net assets at fair value	10,000	10,000
Satisfied by:		
Cash	10,000	-
Other payable	-	10,000

* *For identification purpose only*

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 were 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

11. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 21 January 2016, a wholly-owned subsidiary of the Company acquired 85% equity interest in 上海信能度爾信息科技有限公司 (Shanghai Xinneng Duer Information Technology Company Limited*) (“Xinneng”), from two independent third parties, at an aggregate cash consideration of RMB166,600,000.

Xinneng and its subsidiary (together "Xinneng Group") are engaged in property development in Mainland China.

The transaction was accounted for as purchase of assets and liabilities rather than as business combination because Xinneng Group has not carried out any significant business transactions prior to the date of acquisition. The net outflow of cash and cash equivalents from the acquisition has been reflected in the condensed consolidated statement of cash flows as part of the cash flow movement of the individual assets and liabilities acquired.

The net assets acquired in the acquisition of Xinneng Group are as follows:

	Xinneng Group RMB’000 (Unaudited)
Property, plant and equipment	**1**
Properties under development	**191,940**
Prepayment and deposits	**745**
Bank balances	**2,704**
Due from a shareholder	**7,000**
Other payables	**(6,390)**
Net assets	**196,000**
Non-controlling interests	**(29,400)**
	166,600
Satisfied by:	
Cash	**166,314**
Other payable	**286**
	166,600

** For identification purpose only*

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	Xinneng Group RMB’000 (Unaudited)
Cash Consideration	**(166,314)**
Bank balances acquired	**2,704**
Net outflow of cash and cash equivalents	**(163,610)**

12. DISPOSAL AND DEEMED DISPOSAL OF SUBSIDIARIES

*Shanghai Xinqing Investment Co. Ltd.**

During the current period, the Group disposed of its entire equity interest in 上海鑫磬投資有限公司 (Shanghai Xinqing Investment Co. Ltd.*) ("Xinqing") to an independent third party, at a consideration of RMB500,000. Xinqing holds 70% equity interest of a project company, which is engaged in property development in Mainland China. The remaining 30% equity interest of that project company is held by another wholly-owned subsidiary of the Company and it was accounted for as an investment in a joint venture after the disposal of the equity interest in Xinqing.

*Shenzhen City Xinwei Shangda Investment Co. Ltd**

The Group also entered into a cooperative agreement with an independent third party in the current period, pursuant to which both parties agreed to exercise joint control over a wholly-owned subsidiary of the Company, 深圳市新威尚達投資有限公司 (Shenzhen City Xinwei Shangda Investment Co. Ltd*) ("Shangda"). The transaction was accounted for as a deemed disposal of a subsidiary and the Group has lost control over Shangda in the current period.

Details of the net assets disposed of are as follows:

	Xinqing RMB'000 (Unaudited)	**Shangda RMB'000 (Unaudited)**
Property, plant and equipment	**19**	**-**
Deferred tax assets	**214**	**-**
Prepayment for acquisition of a land use right	**-**	**1,005,000**
Properties under development	**891,516**	**-**
Due from the ultimate holding company	**400**	**-**
Due from a shareholder	**6,000**	**-**
Prepayment, deposits and other receivables	**852**	**30**
Restricted cash	**19,766**	**-**
Bank balances	**860**	**54**
Advanced receipts, accruals and other payables	**(497)**	**(502,500)**
Loans from the ultimate holding company	**(53,704)**	**-**
Loans from fellow subsidiaries	**(852,167)**	**-**
Due to the ultimate holding company	**-**	**(502,500)**
Due to fellow subsidiaries	**(7,404)**	**-**
	5,855	**84**
Fair value of investments retained upon disposal/deemed disposal to investments in joint ventures	**(5,808)**	**(42)**
Gain/(loss) on disposal/deemed disposal of subsidiaries	**453**	**(42)**
Total consideration	**500**	**-**
Satisfied by:		
Cash	**500**	**-**

* *For identification purpose only*

An analysis of the net outflow of cash and cash equivalents in respect of the disposal and deemed disposal of subsidiaries is as follows:

	Xinqing RMB'000 (Unaudited)	**Shangda RMB'000 (Unaudited)**
Cash consideration	**500**	**-**
Bank balances disposed of	**(860)**	**(54)**
Net outflow of cash and cash equivalents in respect of the disposal/deemed disposal of subsidiaries	**(360)**	**(54)**

13. EVENT AFTER THE REPORTING PERIOD

All the conditions precedent to the acquisition of 50% equity interest in 廣州廣電房地產開發集團股份有限公司 (Guangzhou Guangdian Property Development Group Shares Co., Ltd.*) ("Target Company") had been satisfied or, if applicable, waived ("First Completion") and the First Completion took place on 31 July 2016. Further details of the acquisition of the Target Company are set out in the Company's circular dated 29 June 2016.

* *For identification purpose only*

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: 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 2016 are consistent with those used in the last financial year ended 31 December 2015, 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 2016.

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

The revenue of the Group for the six months ended 30 June 2016 increased significantly by 599% to RMB2,710.9 million from RMB387.6 million for the corresponding six months ended 30 June 2015. The increase was primarily due to higher revenue recognised from sales of properties.

Other income and gains increased to RMB190.1 million for the current period from RMB83.8 million for the corresponding six months ended 30 June 2015. The increase was mainly due to interest income of RMB81.7 million on loans to the property buyers of the Group and the ultimate holding company for facilitating the sales of properties and higher interest income of RMB37.2 million on advances to joint ventures during the current period. The increase in other income and gains was partially offset by the drop of RMB27.3 million in the release of exchange fluctuation reserves upon deregistration of subsidiaries.

The Group's direct operating expenses for the six months ended 30 June 2016 increased to RMB202.8 million from RMB140.1 million for the corresponding period ended 30 June 2015. 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 2016 slightly increased to RMB42.0 million from RMB40.7 million for the corresponding period ended 30 June 2015.

For business expansion, a number of PRC joint ventures for property development were set up during the current period, leading to an increase in loans from group companies. The finance costs went up to RMB99.6 million for the current period from RMB31.9 million for the six months ended 30 June 2015, representing an increase of RMB67.7 million, including increase in interest expenses of RMB52.7 million paid to the ultimate holding company (net of interest expenses capitalised) and interest expenses of RMB35.7 million paid to a fellow subsidiary. Bank and other borrowings interest reduced by RMB20.6 million as a result of the early repayment of the 3-year syndicated bank loan of US$185.0 million at the end of last year.

Due to higher revenue recognised by of a joint venture in Ningbo, the PRC, share of results of joint ventures reported a profit of RMB105.6 million for the six months ended 30 June 2016, against a profit of RMB32.2 million for the corresponding period ended 30 June 2015.

Overall, the profit attributable to owners of the Company increased substantially to RMB373.4 million for the six months ended 30 June 2016 from RMB32.8 million for the corresponding period ended 30 June 2015. It was mainly due to the increase in revenue recognised from the Group’s property development projects during the current period.

The Group recorded basic earnings per share of RMB0.0236 for the six months ended 30 June 2016, against basic earnings per share of RMB0.0027 for the corresponding period ended 30 June 2015, representing an increase of 774%. The outstanding share options had an anti-dilutive effect on the basic earnings per share for the periods ended 30 June 2016 and 30 June 2015. Accordingly, the diluted earnings per share were same as the basic earnings per share.

BUSINESS SEGMENTS

Property development

For the six months ended 30 June 2016, the revenue of property development segment increased sharply to RMB2,599.9 million, representing 96% of the total revenue, compared to RMB274.8 million, representing 71% of the total revenue for the corresponding period ended 30 June 2015. The revenue for the current period was mainly contributed from the sales of properties of Xi’an Yi Hua Nian, Shenyang Yuefang and Dalian Huiquan. The profit in the property development segment during the current period increased to RMB684.4 million, against a profit of RMB30.5 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 2016 decreased slightly to RMB111.1 million, representing 4% of the total revenue, compared to RMB112.8 million, representing 29% of the total revenue for the six months ended 30 June 2015. During the period under review, the property investment and management segment recorded a profit of RMB76.0 million, against RMB80.3 million for the corresponding period.

SHAREHOLDERS' FUNDS

Profit attributable to owners of the Company for the six months ended 30 June 2016 of RMB373.4 million was largely offset by the final dividend paid for the year ended 31 December 2015 of RMB315.9 million. As a result, the Group's total shareholders' funds only slightly increased from RMB8,679.6 million as at 31 December 2015 to RMB8,709.0 million as at 30 June 2016. On a per-share basis, the consolidated net asset value attributable to owners of the Company as at 30 June 2016 increased by RMB0.001 to RMB0.551, from RMB0.550 as at 31 December 2015.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

Liquidity and capital resources

The Group's deposits, bank and cash balances increased by RMB1,153.3 million or 67% to RMB2,878.2 million as at 30 June 2016 from RMB1,724.9 million as at 31 December 2015. The increase was mainly from the proceeds from properties sales, and new loans from bank and group companies, netting off with cash applied to land acquisitions and development costs of PRC property projects.

Borrowings

During the period under review, the Group has arranged three short-term bank loan facilities totalling RMB364.3 million for general working capital purpose. As at 30 June 2016, total bank and other borrowings of the Group amounted to RMB400.3 million with interest rates ranging from 2.0% to 6.5% per annum. While the bank borrowings were fully repaid at the end of last year, there was no bank borrowing as at 31 December 2015.

The net debt (measured by total borrowings minus cash and bank deposits excluding restricted cash) increased by RMB3,129.6 million to RMB5,552.1 million as at 30 June 2016 from RMB2,422.5 million as at 31 December 2015. The increase of net debt was mainly due to the land acquisitions and payment of development costs of PRC property projects as well as set up of PRC joint ventures for property development. The Group's net debt ratio (defined as net debt over total equity, including non-controlling interests) increased to 56% as at 30 June 2016, from 25% as at 31 December 2015.

The maturity profiles of the Group's outstanding borrowings as at 30 June 2016 and 31 December 2015 are summarised as below:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Bank and other borrowings:		
Within the first year or on demand	**400,297**	-
Loans from related parties:		
Within the first year or on demand	**8,030,033**	4,147,432
Total borrowings	**8,430,330**	4,147,432

FINANCIAL MANAGEMENT

Foreign exchange risk

As at 30 June 2016, borrowings were denominated in US$, RMB and HK$. As most of the operating income of the Group's business is denominated in RMB, the Group is exposed to foreign currency risk. Moderate depreciation of exchange rate of RMB against HK$ and US$ 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 2016 and 31 December 2015 are summarised below:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Hong Kong dollar	**2,321,173**	2,041,843
Renminbi	**5,957,966**	2,105,589
United States dollar	**151,191**	-
Total	**8,430,330**	4,147,432

Interest rate risk

As at 30 June 2016, 75% (31 December 2015: 51%) 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 2016 and 31 December 2015, no asset of the Group was pledged.

CONTINGENT LIABILITIES

As at 30 June 2016, the Group provided guarantees to certain banks in respect of mortgage granted by banks relating to the mortgage loans arranged for purchasers 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 principals 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 2016, the Group's outstanding guarantees amounted to RMB219,994,000 (31 December 2015: RMB154,429,000).

The Directors consider that the fair value of the guarantees is not significant and in case of defaulting 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 for the six months ended 30 June 2016 (2015: 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 first half of 2016, the Group co-invested with certain third parties to acquire three US property development projects in Los Angeles, Silicon Valley and New York with total GFA of approximately 86,000 square meters.

Also, the Group acquired land bank of approximately 1.4 million square meters in the first half of 2016 which are located in Hangzhou, Shanghai, Wuhan, Tianjin and Suzhou.

As at 30 June 2016, the land bank of the Group involved 13 cities in the PRC, with GFA of about 6.5 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, Huaian, Nanjing, Ningbo, Shenyang, Suzhou, Tianjin, Wuhan and Xi'an.

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

	Total GFA (thousand square meters)	%
Beijing	500	7.8
Dalian	85	1.3
Hangzhou	721	11.2
Huaian	192	3.0
Nanjing	337	5.2
Ningbo	234	3.6
Shanghai	1,052	16.3
Shenyang	543	8.4
Shenzhen	607	9.4
Suzhou	220	3.4
Tianjin	753	11.7
Wuhan	613	9.5
Xi'an	595	9.2
Total	**6,452**	**100.0**

SEGMENT INFORMATION

Properties sales and development

As at 30 June 2016, the Group is developing 38 property projects in the PRC and 4 property projects in the US, of which most of these properties are 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 was remarkable in first half of 2016. For the six months ended 30 June 2016, the aggregated contracted sales of the Group achieved RMB5.58 billion, with an aggregated contracted sales area of approximately 310,000 square meters, representing an increase of 34% and 27% respectively compared to respective period in 2015.

Currently, Vision Shenzhen Business Park Phase 3 in Shenzhen Nanshan district 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 2016, Vision Shenzhen Business Park Phases 1 and 2, located in Shenzhen Nanshan district, were 99.5% 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 2016, with the outstanding performance in the growth of rental revenue and profit as well as the introduction of international well-known high-quality tenants including Alibaba, Intel, Dajiang, the rental and property management fee income contributed by these two property projects to the Group amounted to approximately RMB91 million, representing an increase of 3% compared to respective period of 2015.

Following by the completion of Vision Shenzhen Business Park Phase 3, and 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 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 revenue and operating results to the Group and establish a solid foundation for the Group to expand and grow. Besides, the Group would seek investment opportunities in commercial properties, mixed-used properties and business parks projects to generate steady cash flows from investment properties.

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 projects 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 the US to enhance returns and diversify risks.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company had complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2016, except for the following deviations:

1. Under CG Code A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the view of shareholders. Due to other pre-arranged business commitments which must be attended by Mr. Hu Chunyuan, an independent non-executive Director, he was not able to attend the annual general meeting of the Company on 29 February 2016.

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 on 29 February 2016.

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") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiries to 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 2016. The Model Code also applies to other specified senior management of the Company.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2016, the Group had 673 (30 June 2015: 477) 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 2016.

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 2016.

The unaudited condensed consolidated interim financial information of the Group as of and for the six months ended 30 June 2016 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, 15 August 2016