LVGEM

綠景(中國)地產投資有限公司

LVGEM (CHINA) REAL ESTATE INVESTMENT COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(HKSE Stock Code: 95)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

RESULTS

The board (the "Board") of directors (the "Directors") of LVGEM (China) Real Estate Investment Company Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2016, together with the comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
			(restated)
Revenue	*3*	**3,763,762**	527,655
Cost of sales		**(2,062,650)**	(220,435)
Gross profit		**1,701,112**	307,220
Other income		**29,402**	43,400
Selling expenses		**(25,606)**	(14,610)
Administrative expenses		**(170,437)**	(125,926)
Fair value changes on investment properties		**624**	89,064
Finance costs	*4*	**(150,493)**	(119,999)
Share of results of joint ventures		**–**	(6)
Profit before tax	*5*	**1,384,602**	179,143
Income tax expense	*6*	**(814,525)**	(109,105)
Profit for the period		**570,077**	70,038
Profit for the period attributable to:			
Owners of the Company		**564,167**	65,277
Non-controlling interests		**5,910**	4,761
		570,077	70,038
		RMB cents	*RMB cents*
		(Unaudited)	(Unaudited)
			(restated)
Earnings per share	*8*		
– Basic		**12.02**	1.68
– Diluted		**6.96**	0.89

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(restated)
Profit for the period	**570,077**	70,038
Other comprehensive expense		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation	**(7,230)**	(1,340)
Other comprehensive expense for the period	**(7,230)**	(1,340)
Total comprehensive income for the period	**562,847**	68,698
Total comprehensive income attributable to:		
Owners of the Company	**557,530**	63,937
Non-controlling interests	**5,317**	4,761
	562,847	68,698

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2016

	Notes	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Non-current assets			
Investment properties		**11,973,025**	11,973,452
Property, plant and equipment		**322,636**	333,422
Goodwill		**231,602**	231,602
Interests in joint ventures		**525,393**	525,393
Available-for-sale investments		**343,267**	343,267
Deferred tax assets		**107,258**	199,785
		13,503,181	13,606,921
Current assets			
Properties under development for sale		**3,245,315**	2,109,719
Properties held for sale		**1,950,530**	3,293,741
Other inventories		**1,010**	914
Accounts receivable	9	**19,107**	102,210
Deposits paid, prepayments and other receivables		**1,837,476**	1,941,469
Tax recoverable		**17,755**	88,950
Other current assets		**–**	80,000
Restricted bank deposits		**1,990,608**	1,253,444
Bank balances and cash		**1,935,278**	1,514,559
		10,997,079	10,385,006
Current liabilities			
Accounts payable	10	**1,524,801**	1,102,296
Accruals, deposits received and other payables		**795,048**	3,944,349
Tax payable		**1,001,996**	470,507
Borrowings		**1,700,519**	1,676,275
		5,022,364	7,193,427
Net current assets		**5,974,715**	3,191,579
Total assets less current liabilities		**19,477,896**	16,798,500
Non-current liabilities			
Borrowings		**8,561,848**	6,557,606
Deferred tax liabilities		**2,285,516**	2,267,724
		10,847,364	8,825,330
Net assets		**8,630,532**	7,973,170
Capital and reserves			
Share capital		**39,115**	39,115
Reserves		**8,468,007**	7,841,962
Equity attributable to owners of the Company		**8,507,122**	7,881,077
Non-controlling interests		**123,410**	92,093
Total equity		**8,630,532**	7,973,170

Notes:

1. BASIS OF PREPARATION

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

On 21 January 2014, China LVGEM Property Holdings Limited ("China LVGEM"), an independent third party and the then shareholders of the Company, including Belbroughton Limited, Mr. TAOCHAIFU Choofuang, Mr. TAO Richard, Mr. TAO Paul and Tian Xiang Business Limited (together, the "Vendors"), had entered into a conditional sale and purchase agreement (the "Sale and Purchase Agreement") for the acquisition of an aggregate of 858,800,792 ordinary shares of HK$0.01 each (the "Acquisition Shares") of the Company (the "Acquisition"). The Acquisition Shares represented approximately 64.83% of the issued share capital of the Company and the Acquisition was completed as at 8 May 2014 ("Completion Date"). Prior to the Completion Date, the Company's immediate holding company was Belbroughton Limited, a company incorporated in the British Virgin Islands ("BVI"). After the Completion Date, its immediate holding company is China LVGEM, a company incorporated in the Cayman Islands with limited liability and its ultimate holding company is Go Great International Limited, a company incorporated in the BVI with limited liability. Its ultimate controlling party is Mr. WONG Hong King ("Mr. Wong"), father of Miss HUANG Jingshu, the Chairman of the Company.

Subsequent to the Completion Date, China LVGEM's interest in the Company increased to 81.50%, after the acquisition of additional shares of the Company as a result of the general offer of the Company, and subsequently reduced to 75% as a result of disposal of shares of the Company through open market and placement in order to maintain the public float of the Company during the year ended 31 December 2014.

On 2 June 2015, Urban Thrive Holdings Limited ("Urban Thrive"), a wholly owned subsidiary of the Company (as the purchaser) and Mr. Wong (as the seller) entered into an agreement pursuant to which Mr. Wong conditionally agreed to sell and Urban Thrive conditionally agreed to purchase the entire equity interest in Green View Holding Company Limited ("Green View") and its subsidiaries (collectively referred to as the "Target Group") for a total consideration of HK$13,785,000,000 (equivalent to approximately RMB11,682,204,000) (the "Transaction"). To satisfy the consideration, the Company (i) issued 2,509,342,511 new ordinary shares to the seller; (ii) issued 3,413,473,023 convertible preference shares at issue price of HK$2.06 per convertible preference share to the seller with an aggregate consideration of HK$7,031,754,000 (equivalent to approximately RMB5,959,114,000); and (iii) paid a cash balance of HK$1,584,000,000 (equivalent to approximately RMB1,342,373,000). The details of the Transaction was set out in the Company's circular dated 30 October 2015. The Transaction was completed on 30 November 2015. Before the completion of the Transaction, agreements were signed between certain subsidiaries within the Target Group and certain entities controlled by Mr. Wong, pursuant to which certain subsidiaries of the Target Group (the "Disposal Group") would be disposed of to the entities controlled by Mr. Wong at a total consideration of RMB682,955,000 (the "Disposals").

As the Company and its subsidiaries (before the completion of the Transaction, hereinafter collectively referred to as the "Existing Group") and the Target Group are under the common control of Mr. Wong both before and after the Transaction and Mr. Wong's control of the Existing Group and Target Group is not transitory, the Transaction is considered as a business combination under common control with the Target Group being considered as the continuing entity in preparing these consolidated financial statements and is in accordance with AG5 *Merger Accounting for Common Control Combinations*. Specifically, in applying merger accounting, the financial statement items of the Target Group for the current period in which the common control combination occurred, and the comparative periods disclosed, are included in the consolidated financial statements of the Company as if the combination had occurred from the date when the Target Group first came under the control of Mr. Wong. Further, the net assets of the Target Group are consolidated using the existing book values from the controlling party's perspective. Also, the Existing Group is deemed to have been acquired by the Target Group at the Completion Date using the acquisition method as follows:

(i) the identified assets and liabilities of the Existing Group are recognised and measured initially at their fair values on the Completion Date;

(ii) the performance of the Existing Group are included in the consolidated financial statements of the Company since the Completion Date;

(iii) the consideration for the Acquisition was deemed to be consideration paid by China LVGEM to then shareholders of the Company amounting to RMB806,292,000 to obtain 75% of the issued share of the Company and the control over the Existing Group as at the Completion Date; and

(iv) Goodwill arising on the Acquisition of the Existing Group was recognised as at the Completion Date.

The functional currency of each entity within the Target Group is Renminbi ("RMB") with RMB being the currency of the primary economic environment which the entities within the Target Group are exposed to. As mentioned above, the Target Group is considered to be the continuing entity in applying the merger accounting. The directors of the Company are in the opinion that the functional currency of the Company should be changed from Hong Kong dollars ("HK$") to RMB after the Completion Date. Comparative figures of the condensed consolidated statement of profit or loss and other comprehensive income have been restated accordingly.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are effective during the current period.

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
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	Equity Method in Separate Financial Statements
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance is mainly focused on property development and property investment in the People's Republic of China ("PRC"). No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

Six months ended 30 June 2016

	Property development and sales *RMB'000* **(Unaudited)**	**Commercial property investment and operations** *RMB'000* **(Unaudited)**	**Comprehensive services** *RMB'000* **(Unaudited)**	**Consolidated** *RMB'000* **(Unaudited)**
SEGMENT REVENUE				
External sales	**3,445,760**	**209,705**	**108,297**	**3,763,762**
Inter-segment revenue	**–**	**5,167**	**–**	**5,167**
Total segment revenue	**3,445,760**	**214,872**	**108,297**	**3,768,929**
SEGMENT RESULTS				
Reportable segment profit	**1,475,914**	**173,283**	**51,915**	**1,701,112**

Six months ended 30 June 2015

	Property development and sales *RMB'000* (Unaudited) (restated)	Commercial property investment and operations *RMB'000* (Unaudited) (restated)	Comprehensive services *RMB'000* (Unaudited) (restated)	Consolidated *RMB'000* (Unaudited) (restated)
SEGMENT REVENUE				
External sales	220,701	200,554	106,400	527,655
Inter-segment revenue	–	4,754	–	4,754
Total segment revenue	220,701	205,308	106,400	532,409
SEGMENT RESULTS				
Reportable segment profit	83,904	169,742	53,574	307,220

Inter-segment sales are at mutually agreed terms.

Reconciliations of reportable segment revenue, profit or loss

The Group does not allocate changes in fair value of investment properties, other income, depreciation and amortisation, finance costs, share of results of joint ventures and corporate expenses to individual reportable segment profit or loss for the purposes of resource allocation and performance assessment by the chief operating decision makers.

The accounting policies adopted in preparing the reportable segment information are the same as the Group's accounting policies.

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited) (restated)
Revenue		
Reportable segment revenue	**3,768,929**	532,409
Elimination of inter-segment revenue	**(5,167)**	(4,754)
Consolidated revenue	**3,763,762**	527,655
Profit		
Reportable segment profit	**1,701,112**	307,220
Other income	**29,402**	43,400
Depreciation and amortisation	**(18,911)**	(16,676)
Fair value changes on investment properties	**624**	89,064
Finance costs	**(150,493)**	(119,999)
Share of results of joint ventures	**–**	(6)
Corporate expenses	**(177,132)**	(123,860)
Consolidated profit before tax	**1,384,602**	179,143

Segment assets and liabilities

The following is an analysis of the Group's assets by reportable and operating segment, no liabilities are presented as the information is not reportable to the chief operating decision makers in the resource allocation and assessment of performance:

Segment assets

	At 30 June 2016	At 31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Property development and sales	**5,224,737**	5,615,955
Commercial property investment and operations	**11,977,785**	11,973,614
Comprehensive services	**229,116**	240,996
Reportable segment assets	**17,431,638**	17,830,565
Goodwill	**231,602**	231,602
Available-for-sale investments and other current assets	**343,267**	423,267
Bank balances and cash (including restricted bank deposits)	**3,925,886**	2,768,003
Deferred tax assets	**107,258**	199,785
Interests in joint ventures	**525,393**	525,393
Corporate assets	**1,935,216**	2,013,312
Consolidated total assets	**24,500,260**	23,991,927

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to operating segments other than goodwill, interests in joint ventures, available-for-sale investments and other current assets, bank balances and cash (included restricted bank deposits), deferred tax assets and corporate assets.

4. FINANCE COSTS

	Six months ended 30 June 2016 *RMB'000* (Unaudited)	2015 *RMB'000* (Unaudited) (restated)
Interest on bank and other borrowings	**282,150**	306,610
Front-end fee	**2,038**	541
Less: Amount capitalised in investment properties under development and properties under development for sale*	**(133,695)**	(187,152)
	150,493	119,999

* The finance costs have been capitalised at rates ranging from 4.35% to 8.95% (six months ended 30 June 2015: 5.75% to 9.50%) per annum.

5. PROFIT BEFORE TAX

	Six months ended 30 June 2016 *RMB'000* (Unaudited)	2015 *RMB'000* (Unaudited) (restated)
Profit before tax is arrived at after charging (crediting):		
Cost of properties held for sale recognised as expense	**1,969,846**	136,797
Depreciation and amortisation of property, plant and equipment	**19,675**	16,676
Less: Amount capitalised in investment properties under development and properties under development for sale	**(764)**	–
	18,911	16,676
Gross rental income from investment properties	**209,705**	200,554
Outgoings in respect of investment properties that generated rental income during the period	**(36,422)**	(30,812)
	173,283	169,742
Operating lease charges in respect of land and buildings	**16,192**	15,266
Write-down on other receivables	**–**	19,627
Staff costs		
– Salaries and other benefits in kind	**144,287**	64,324
– Amount recognised as expense for retirement benefit costs	**10,182**	8,318
Less: Amount capitalised in investment properties under development and properties under development for sale	**(29,442)**	(1,634)
	125,027	71,008
Loss (gain) on disposal of property, plant and equipment	**298**	(11)
Foreign exchange gain, net	**(6,873)**	(804)

6. INCOME TAX EXPENSE

	Notes	Six months ended 30 June 2016 *RMB'000* (Unaudited)	2015 *RMB'000* (Unaudited) (restated)
Current tax			
– PRC Enterprise Income Tax ("EIT")	*(a)*	**83,877**	38,332
– PRC Land Appreciation Tax ("LAT")	*(b)*	**620,329**	24,621
		704,206	62,953
Deferred taxation	*(c)*	**110,319**	46,152
Total income tax expense		**814,525**	109,105

Notes:

(a) Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

No Hong Kong Profits Tax has been provided for as the Group had no estimated assessable profits for both periods.

(b) Under the Provisional Rules on LAT Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

(c) Deferred tax is calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their respective tax bases at the end of both reporting periods, using applicable tax rates.

7. DIVIDENDS

No dividend for the six months ended 30 June 2016 has been proposed by the directors of the Company.

During the six months ended 30 June 2015 (before the completion of the Transaction), certain subsidiaries of the Target Group declared and made dividends of RMB582,695,000 and RMB16,360,000 to Mr. Wong and a non-controlling interests of a subsidiary, respectively.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(restated)
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**564,167**	65,277

	Number of shares	
	2016	2015
Number of shares		
Weighted average number of ordinary shares of the Company for the purpose of basic earnings per share	**4,693,582,792**	3,893,582,792
Effect of dilutive potential ordinary shares in respect of		
– Share options	**202,487**	–
– Convertible preference shares	**3,413,473,023**	3,413,473,023
Weighted average number of ordinary shares of the Company for the purpose of diluted earnings per share	**8,107,258,302**	7,307,055,815

9. ACCOUNTS RECEIVABLE

	At 30 June 2016	At 31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Accounts receivable	**19,939**	103,042
Less: Allowance for doubtful debts	**(832)**	(832)
	19,107	102,210

Accounts receivable represent receivables arising from sales of properties which are due for settlement in accordance with the terms of the relevant sales and purchase agreements, and rental income from leasing properties. Monthly rents are normally received in advance and sufficient rental deposits are held to minimise credit risk. Accounts receivable generally have credit terms of 30 to 60 days (31 December 2015: 30 to 60 days) and no interest is charged. All accounts receivable are denominated in RMB. The ageing analysis of the Group's accounts receivable, based on invoice dates for leasing income and the terms of relevant sales and purchases agreements for sales of properties, is as follows:

	At 30 June 2016	At 31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 month	**6,742**	93,883
1 to 12 months	**12,159**	2,212
13 to 24 months	**–**	4,546
Over 24 months	**206**	1,569
	19,107	102,210

The movement in the allowance for doubtful debts during the period, including both specific and collective loss components, is as follows:

	At 2016	At 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
At 1 January	**832**	773
Impairment loss recognised	**–**	59
At 30 June/31 December	**832**	832

As at 30 June 2016 and 31 December 2015, all remaining accounts receivable were neither past due nor impaired. These related to a number of customers for whom there was no recent history of default.

10. ACCOUNTS PAYABLE

Based on invoice dates, the ageing analysis of the Group's accounts payable is as follows:

	At 30 June 2016	At 31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 month	**1,184,958**	955,153
1 to 12 months	**252,545**	91,321
13 to 24 months	**48,624**	37,191
Over 24 months	**38,674**	18,631
	1,524,801	1,102,296

MANAGEMENT DISCUSSION AND ANALYSIS

Macroeconomic and market environment

In the first half of 2016, with the complex international environment and downside pressure faced by the economy, the economic development in China remained stable while making progress steadily. As announced by the National Bureau of Statistics of the People's Republic of China, the gross domestic product ("GDP") for the first half of 2016 was RMB34,063.7 billion, representing a year-on-year growth of 6.7%. Among which, the Chinese government continued to implement micro-regulatory policy on the property market, which have been proved successful and contributed to a healthy development trend of the property market as a whole. The areas of commodity housing pending for sale gradually decreased with real estate destocking strategy achieving significant progress. Both sales area and sales amount of commodity housing continued to increase, showing a rising trend both in terms of volume and prices. In the first six months of 2016, the sales area of commodity housing nationwide exceeded 0.6 billion square meters, representing a year-on-year growth of over 27.9%.

In terms of selling price, although the increase in property prices in first-tier cities slightly slowed down as compared to that in the first half of year 2015 the selling prices of residential housing in various cities were still on the rise. Among the four largest first-tier cities, the rise in residential prices is the most significant in Shenzhen, where the highest growth in the country was recorded. In June 2016, according to the statistics announced by the Urban Planning, Land & Resources Commission of Shenzhen Municipality, the average selling prices of new residential housing in Shenzhen recorded a year-on-year increase of 101% to RMB61,756 per square meter, demonstrating the market potential and huge demand for residential housing in Shenzhen.

With the implementation of the policy on the change from business tax to value-added tax for the construction and real estate industry (the "B2V") by the Chinese government with effect from 1 May 2016, coupled with the improvement of tax system aiming for the healthy development in the long run, fixed assets investment will be stimulated and domestic demand will increase, while destocking of real estate will be accelerated, which will be favorable for the continuous growth of the industry. In recent years, Shenzhen has become a hub city for internationally-renowned high-new technology and large financial enterprises. From the perspectives such as city functions, total economic capacities, industrial structure and technology experts, Shenzhen already possessed the qualities to be an international centre for innovative scientific research and financial services. With such foundation, Shenzhen, with a current resident population of approximately 20 million, will continue to attract inflow of quality young population with high academic qualification and technical skills in the future, which will drive huge demand for residential and commercial properties in Shenzhen, and in turn facilitate the healthy development of the industry with steady growth of transaction volume and property prices.

Under the guidance of the strategic vision of "Focusing on Core Cities and Cities' Core Areas", the Group's property projects are mainly located in the central areas of economically-developed core cities, such as Shenzhen, the Pearl River Delta region and Hong Kong, where there are enormous potential and opportunities for development. Meanwhile, the Group's Suzhou project is located in the core areas in Yuexi development zone, Wuzhong, Suzhou. The project is positioned as mid-to-high-end offices and street-level boutique shopping mall, which will help to enhance the Group's brand influence in the Yangtze River Delta region.

Results

The Group achieved outstanding performance in the first half of 2016. For the six months ended 30 June 2016, the Group achieved total revenue of approximately RMB3,763.8 million (six months ended 30 June 2015: RMB527.7 million), representing a significant growth of approximately 613% year-on-year. Gross profit was RMB1,701.1 million (six months ended 30 June 2015: RMB307.2 million), representing a significant growth of approximately 454% year-on-year. Profit for the period was RMB570.1 million (six months ended 30 June 2015: RMB70.0 million), representing a significant growth of approximately 714% over the same period last year. Profit attributable to owners of the Company was RMB564.2 million (six months ended 30 June 2015: RMB65.3 million), representing a significant growth of approximately 764% over the same period last year. Basic earnings per share was RMB12.02 cents (six months ended 30 June 2015: RMB1.68 cents), representing a growth of approximately 615% year-on-year.

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

The Group's key financial indicators for the six months ended 30 June 2016 were as follows:

	Six months ended 30 June		Year-on-year
	2016	2015	growth
	RMB million	*RMB million*	
	(Unaudited)	(Unaudited)	
		(restated)	
Revenue	**3,763.8**	527.7	613%
Gross profit	**1,701.1**	307.2	454%
Profit/(loss) from core business*	**556.8**	(2.3)	24,309%
Profit attributable to owners of the Company	**564.2**	65.3	764%
Basic earnings per share (RMB cents)	**12.02**	1.68	
Gross profit margin (%)	**45**	58	

	As at	As at
	30 June 2016	31 December 2015
	(Unaudited)	(Audited)
Bank balance and cash (include restricted bank deposits) (RMB million)	**3,925.9**	2,768.0
Average finance costs (%)	**6.2**	6.5
Gearing ratio (%)	**64.8**	66.8
Rate of equity return (%)	**6.6**	5.3

* Profit from core business represents profit attributable to owners of the Company less fair value changes on investment properties and related deferred tax and exchange gain or loss.

BUSINESS REVIEW

Real Estate Development and Sales

The Group has always been actively participating in urban renewal of residential and commercial development projects in the Pearl River Delta region, in particular, Shenzhen. The Group is also one of the few real estate developers with extensive experience in urban renewal projects of Shenzhen. In 2016, Shenzhen LVGEM Real Estate Development Co., Ltd., a subsidiary of the Company, was awarded "2016 Top 10 Shenzhen Real Estate Enterprises in terms of Comprehensive Strength" by Shenzhen Real Estate Association, demonstrating its pivotal position in the Chinese real estate market as well as its distinguished brand and leading position in Shenzhen.

Following the strategic vision of "dual-core layout" of "Focusing on Core Cities and Cities' Core Areas", the Group's major real estate development projects are all situated in the core areas of the core cities. Previous development projects were mainly situated in Futian District, Shenzhen; and projects in the next few years will also be situated in Shenzhen, covering various districts such as Futian, Nanshan and Bao'an. As compared to the destocking pressure in third and fourth-tier real estate markets, the Group's future projects have a relatively high risk tolerance and its business and efficiency are able to maintain high and sustainable growth.

The Group adopted diversified models of land acquisition, including urban renewal, project merging, public land auction in the market, etc. Meanwhile, as one of pioneers and leaders for urban renewal in Shenzhen, among the 19 projects previously completed by the Company in Guangdong areas, 12 projects were urban renewal projects through which the Company acquired its land resources. The Group has also developed a set of relatively comprehensive and standardized land-acquisition model through cooperation with the parent company of the Group. The model can provide the Group with abundant land supply at low cost, eventually helps to maintain the Group's sales gross profit at a relatively stable level. Currently, the parent company of the Group has already participated in the preliminary work of several urban renewal projects in Shenzhen and core cities in the Pearl River Delta region, involving an estimated development area of over 12 million square meters. Looking forward, the cooperation with the parent company will continue to provide the Group with adequate land supply and enjoy cost advantages at the same time.

For the six months ended 30 June 2016, real estate development and sales generated approximately RMB3,445.8 million in revenue, representing a substantial increase of approximately 1,461% over the same period last year. The substantial increase in revenue was mainly attributable to the part of the property sales revenue from Hongwan Gardens located at Futian District, Shenzhen carried forward during the first half of the year. Project sales revenue was approximately RMB3,168.1 million.

During the period under review, real estate development and sales continued to be the core business of the Group and accounted for approximately 92% of the Group's total revenue in the first half of the year. The Group continued to proactively identify quality projects with potential, including LVGEM Hongwan Gardens, LVGEM Mangrove Bay No. 1, Liguang Project and Meijing Project located in Shenzhen, LVGEM NEO Project located in Suzhou, Phase II of LVGEM International Garden located in Huazhou and the Lau Fau Shan development project located in Hong Kong, etc., expecting the tally of total construction area to be approximately 2,400,000 square meters.

LVGEM Hongwan Project is located in the central business district of Futian District, Shenzhen. The project comprises five high-rise quality residential buildings, two apartment buildings and Hongwan Zoll Centre. It occupies a site area of 32,785 square meters and total gross floor area of 367,372 square meters. The project was completed by the end of 2015. All units were completed and were partly delivered and recognised during the first half of 2016. Project sales revenue was approximately RMB3,168.1 million, while the average unit selling price was RMB54,500 per square meter.

LVGEM Mangrove Bay No. 1 is a high-end comprehensive development project, which is also the Group's key project in 2016, with an estimated total sales revenue of over RMB9.5 billion.

Located in the southeast corner of the intersection of Shazui Road and Jindiyi Road in the central business district of Futian District, Shenzhen, LVGEM Mangrove Bay No. 1 is well-connected to transportation network with a strategic location in the proximity to both Futian Port and Huanggang Port, Beijing-Hong Kong-Macau Expressway and Railway Line 3, 4 and 7. The project occupies a site area of 24,424 square meters and a planned gross floor area of 305,450 square meters. The project comprises three quality residential buildings and a comprehensive building of Grade A offices, hotels and apartments. Among which, the residential part of the building has a total gross floor area of approximately 91,300 square meters. The construction of the project commenced in July 2014 and has made satisfactory progress. Pre-sales is planned to commence in the fourth quarter of 2016 and the whole project is expected to be completed in 2017.

Liguang Project occupies a site area of 271,202 square meters. Among which, Phase I has a construction land area of 42,666 square meters and a plot ratio-based gross floor area of 156,300 square meters. The project is located next to Sili Road, Old Village, Liguang Community and used for commercial and residential purposes. Special planning for phase I of the project has been approved. It is expected to complete the demolition and relocation plan in the first half of 2017 and commence construction in 2018. The estimated total revenue from the project is approximately RMB3.6 billion.

Meijing Project is an urban upgrade and redevelopment project located at south of Beihuan Road, north of Qiaoxiang Road, east of the intersection of Qiaoxiang Road and Beihuan Road as well as west of Qiaochengfang. The project occupies a site area of 10,862 square meters and a planned above-ground gross floor area of 97,214 square meters. The project is positioned to serve the high-income group, from white-collar to golden-collar, in Shenzhen and an integrated model zone for new mixed-used industrial town which will be mainly used for industrial research and development and industrial ancillary services, complemented by other functions such as apartment, commerce and offices. As the project is strategically located in the sub-district of Overseas Chinese Town, it enjoys both rich scenic resources and abundant commercial demand. It is expected to commence construction at the end of 2016 with an estimated total project revenue of over RMB2.2 billion.

LVGEM NEO Project is located in the Yuexi development zone, Wuzhong, Suzhou, and situated at the west corner of Tayun Road, north corner of Su Street and east corner of Yuelaixi. The project is situated in the core area of Yuexi development zone, Wuzhong, Suzhou, and occupies a site area of 14,592 square meters and has a planned total gross floor area of 81,841 square meters. Among which, the total above-ground gross floor area is 57,591 square meters, while the total underground gross floor area is 24,250 square meters. The project is positioned as mid-to-high-end offices and street-level boutique shopping mall. As of 30 June 2016, the overall completion progress was 30%. It is expected to launch for sales in the first half of 2017 and will provide stable cash flow for the Company.

LVGEM International Garden is located in Huazhou City, Maoming, Guangdong province. The land is located in a well-developed and traditional residential area in the region with good natural environment and is within reasonable proximity to Juzhou Park. It is well-served by public transportation and is only approximately 10 minutes from the city centre by car. The project is a consumer-benefiting and regurgitation project in response to the call of the Provincial Party Committee. The total investment of the project will be over RMB8 billion, which will promote the economic development of the region and the whole city, enhance the status of Huazhou City, improve the investment and leasing environment and facilitate the overall social and economic development of the city.

The project occupies a total site area of 859,000 square meters and is planned to develop and launch for sale in phases. Phase I represents Zone A, which is divided into Zone A1 and Zone A2. Among which, Zone A1 occupies a site area and a total gross floor area of 48,795 square meters and 38,312 square meters respectively. The construction of the project was completed in November 2014 and was delivered and occupied in May 2015. Zone A2 occupies a site area and a total gross floor area of 55,032 square meters and 211,839 square meters respectively. The construction of Zone A2 was completed in November 2015 and was delivered in December 2015. As of 30 June 2016, Zone A of LVGEM International Garden has been launched for sale. The saleable residential area was 170,070 square meters and the total area sold was approximately 116,300 square meters, and contributed approximately RMB5,181 million of the Group's contracted sales in total.

The development of Zone B of Phase II is underway. Zone B occupies a site area of 117,560 square meters and a total gross floor area of 555,969 square meters. The detailed plan for the construction work of Zone B has been approved by the Municipal Commission of Urban Planning and the design for schools and lakeside apartments of the project is in progress concurrently.

Lau Fau Shan Project is a project located in Deep Bay Road, Lau Fau Shan, Hong Kong. In March 2016, the Group completed the acquisition of a quality land parcel with a site area of 82,400 square meters in Lau Fau Shan and planned to build 116 low density waterfront villas. This is the first Hong Kong property development project of the Group, which represents a new milestone of the internationalization of "LVGEM" brand. The project is currently in the planning stage with an estimated total sales of over HK$7 billion.

As of 30 June 2016, the Group's total contracted sales amounted to approximately RMB395.0 million, mainly attributable to the sales of remaining flats. LVGEM Mangrove Bay No. 1, one of the key projects of the Group in 2016, is expected to commence pre-sale at the beginning of the fourth quarter in the second half of the year. The Group expects the aforementioned projects under development will bring considerable sales and revenue contribution to the Group in the coming few years following their pre-sale and completion, which will lay a solid foundation for the Group's business development in the long run.

Commercial Properties Investment and Operation

The Group holds, operates and manages numerous quality commercial properties. These commercial properties are mainly represented by two commercial brands, namely "NEO" and "Zoll", including NEO Urban Commercial complex, Xiangsong Zoll Centre, 1866 Zoll Centre and other shops and investment properties, with a total gross floor area of 392,829 square meters. Meanwhile, the construction of LVGEM Hongwan Zoll Centre was completed and has now entered into the stage of launching marketing for leasing. It is expected to open for business in the fourth quarter of 2016. LVGEM Mangrove Bay No. 1 Zoll Centre is currently under construction and is expected to open for business in 2017. These commercial properties are located in key areas with a convenient transportation network and bustling foot traffic. As of 30 June 2016, the revenue from the investments and operations of commercial properties is approximately RMB209.7 million, representing an increase of approximately 5% as compared to the same period last year. The performance was satisfactory and contributed stable investment revenue and lease payments to the Group.

"NEO Urban Commercial complex": Strategically located in the western region of central Futian District of the core central business district in Shenzhen, the project is a key commercial landmark and Grade A office building in Shenzhen. NEO Urban Commercial complex has a total gross floor area of approximately 252,539 square meters and a total lettable area of approximately 105,870 square meters. NEO has been appealing to customers given its quality management and innovative business ideas. It has been serving many types of high-quality corporate tenants, including offices and branches of several Fortune Global 500 companies, banks, telecommunications corporations and other state-owned enterprises. As of 30 June 2016, the average occupancy rate of NEO Urban Commercial complex was about 98% (2015: 99%). "NEO Urban Commercial complex" was elected as one of the ten landmarks of Shenzhen, which has substantially enhanced the brand values of "LVGEM" and "NEO".

"Zoll Centre": A famous fashion and shopping centre in Shenzhen. The Group currently owns and operates two Zoll Centres, including Xiangsong Zoll Centre and 1866 Zoll Centre, which were opened for business in May 2013 and May 2014 respectively. As of 30 June 2016, Xiangsong Zoll centre and 1866 Zoll Centre have a total lettable area of 67,016 square meters, with an average occupancy rate of about 90% (2015: 97%). The decrease in occupancy rate was mainly due to the Group's continuous efforts in optimizing the market position of the "Zoll" brand, for which the Group has approached more appropriate tenants for some of the stores whose lease terms expired during the period under review.

In addition, among the two projects undergoing construction, the construction of LVGEM Hongwan Zoll Centre was completed, while the construction of LVGEM Mangrove Bay No. 1 Zoll Centre has been progressing satisfactorily. LVGEM Hongwan Zoll Centre has launched marketing for leasing and the rate of intended leasing was 95% as at 30 June 2016. It is expected to open for business in the fourth quarter of 2016, while LVGEM Mangrove Bay No. 1 Zoll Centre is expected to open for business in 2017. Over the years, Zoll Centre has established a long-term strategic-friendly and rental partnership with a number of famous local and international brands, which is beneficial for the long-term development of "Zoll" in the mid-to-high-end retail and consumption market in China.

The Group believes that commercial properties investment with business operations, coupled with the development of real estate and sales would build customer loyalty and brand recognition, which would also improve the Group's standing in real estate development projects, its attractiveness and the overall investment value, and at the end driving growth in real estate development and sales business. In addition, the Group owns high quality commercial properties for the purpose of long-term investment and capital appreciation, as well as generates stable rental income and cash flow by properly managing and leasing these properties.

Comprehensive Services

The Group provides comprehensive services to customers and tenants of its residential and commercial properties. These comprehensive services include property management services, hotel operations and others. As of 30 June 2016, comprehensive services of the Group generated revenue of RMB108.3 million, representing an increase of approximately 2% as compared with the same period last year.

Amongst those, LVGEM hotel is strategically-located in the central business district of Futian district, Shenzhen and situated behind a green plaza of a few hundred square meters, perfectly integrating fashion style with the quiet natural environment. The hotel has over 330 rooms, 2 multi-functional meeting rooms, 1 banquet hall and video conference room with state-of-the-art equipment. The hotel has a total gross floor area of 25,751 square meters, with an average occupancy rate of approximately 77%.

Property Management

The Group is committed to providing premium property management services to its customers, and strives to maintain long-term relationships with customers as it believes that premium property management services are indispensable part of customers' experience. For the six months ended 30 June 2016, the Group provided comprehensive property management services for most of its property development projects through its wholly-owned subsidiaries, namely Shenzhen LVGEM Jiyuan Property Management Service Co., Ltd. (深圳市綠景紀元物業管理服務有限公司) and Shenzhen LVGEM Property Management Co., Ltd. (深圳市綠景物業管理有限公司). The comprehensive services provided by the Group ranged from security services, property maintenance and management of ancillary facilities. Shenzhen LVGEM Property Management Co., Ltd. obtained the ISO9001:2008 certification for its quality system of property management services and the level A property management qualification. Meanwhile, through the synergy with the operation of commercial properties, the Group has developed a set of service procedure that integrates with E-Mall, which will better demonstrate the effect of resources integration of the Group, create synergic effect between property management and commercial operations and enhance the brand recognition of the Group as a whole.

Land Reserves

The Group adopted diversified policies of land acquisition, including urban renewal, project merging as well as public land auction in the market. Leveraging extensive experience in urban renewal in Shenzhen region over the years, the Group intends to continue its plan of principally obtaining quality land resources in core areas by means of urban renewal, complemented by project acquisition. Urban renewal is one of the industry policies for development of large and medium-sized cities in China in the future. Since 2010, the number of transactions of new land resources in Shenzhen region decreased year-by-year. In 2011, the land supply acquired by way of urban renewal has exceeded the amount of new land supply for the first time. The Group considers that urban renewal will be the major source of new land supply in the future and it is estimated that the land supply model in core cities will gradually transform from the incremental model that aims at increasing new land supply to the land replacement model that involves urban renewal.

As at 30 June 2016, the Group has five projects or land pending for development, which are mainly located in Shenzhen, Hong Kong and Maoming.

In addition, the acquisition of land resources through the cooperation with the Group's parent company is also a major source of the Group's land reserves. The Group's parent company plans to inject land resources that have completed their primary development by stages. This approach not only would provide abundant land reserves for the Group's sustainable development, but would also reduce the cash flow pressure in the preliminary stage of project expansion, so that the Group can realize solid growth without holding substantial amount of land reserves. The parent company of the Group has participated in a number of urban renewal projects in Shenzhen and core cities in the Pearl River Delta, involving an estimated development area of over 12 million square meters, which will be sufficient to support the Group's development needs over the coming few years.

Currently, the Group has already started the preliminary work for urban renewal projects to expand new project reserves. Meanwhile, it is also actively seeking for land resources through merging, cooperation and other methods.

Non-Public Domestic Corporate Bonds

On 22 June 2016, Zhengxinglong Real Estate (Shenzhen) Co., Ltd.* (正興隆房地產（深圳）有限公司), a wholly-owned subsidiary of the Group, was approved by the China Securities Regulatory Commission to issue non-public domestic corporate bonds of up to RMB2,600,000,000 to qualified investors in tranches. It has commenced the marketing of the first tranche of domestic bonds to qualified investors. The first tranche of bonds is expected to be issued in the second half of 2016 with coupon rate to be determined book-building exercise and subject to market conditions and investors' interest. The purpose of the issuance of such bonds was to replenish the Group's general liquidity, so as to provide additional general working capital resources to support the development of the Group.

Liquidity and Debt Structure

The Group adheres to the principle of prudent financial management and it implements effective financial planning to maximize the efficiency of use of capital and financing through unified management model. Meanwhile, the Group also enhanced the management over its rolling capital plan and the use of risk alert. The Group has completed the initial establishment of the structure of capital plan in short term (monthly), mid-term (quarterly on rolling basis) and long-term (yearly). Through the capital plan, the Group can promptly monitor the healthy cash flow and issue risk alert. The Group has also established a stabilization mechanism and contingency plan with all the subsidiaries.

As at 30 June 2016, the Group's total borrowings were RMB10,262.4 million (31 December 2015: RMB8,233.9 million). Among which, loans repayable within one year, after one year but less than two years, after two years but less than five years and after five years were RMB1,700.5 million, RMB4,177.4 million, RMB2,202.0 million and RMB2,208.8 million respectively.

The average finance costs of the interest-bearing loans is 6.2%. In the future, the Group will aim to optimize its overall debt structure through different financing channels, such as issuing bonds and funds.

Future Prospect

Despite the uncertainties associated with economic growth in the PRC, the Group is confident in the prospect of the real estate market in the Mainland China and the tremendous development potential of Shenzhen. In the second half of 2016, the Group will continue to adhere to its strategic vision of "Focusing on Core Cities and Cities' Core Areas" and actively develop potential real estate projects in the core areas of Shenzhen and the Pearl River Delta region. Meanwhile, the Group will continue to obtain more high-quality land resources in the core areas through unique land acquisition models and advantages, such as urban renewal and merging, so as to further develop high-quality integrated real estate and commercial property projects, expand market share and further establish its leading position in the region.

For real estate projects, the construction of the residential project of LVGEM Mangrove Bay No. 1 is making satisfactory progress. It is expected to commence pre-sale at the beginning of the fourth quarter of 2016 and is likely to become an important highlight of the Group's business in the second half of the year. The project is located in the core area of Shenzhen city, in which the residences, shopping centres and offices were complementary to each other, enabling them to gain mutual support and thus facilitate development with distinct advantages. The management is optimistic about the environment of the real estate market of Shenzhen in 2016 and they are confident that LVGEM Mangrove Bay No. 1 Project will bring considerable revenue contribution and cash flows to the Group following its completion and pre-sale.

Apart from focusing on the development of real estate projects in Shenzhen and the core cities in the Pearl River Delta region, the Group is committed to widening the coverage of its project and expanding its business to the overseas markets when appropriate in order to satisfy its medium-to-long term development needs. The Lau Fau Shan project in Hong Kong was the first stride pushing the Group closer to a broadened development prospect. So far as the objective circumstances allow, the Group will consider identifying appropriate lands and projects strategically in suitable overseas markets, with an aim to seeking new profit growth drivers for the Group while maintaining stable development.

Looking forward, the Group will continue to grasp various opportunities in the market and remain committed to investing in high-quality real estate projects of different categories to enhance the Group's corporate value. Leveraging its unique operating models, strong economies of scale, solid financial strength as well as our management's extensive experience and vision for the industry, the Group will continue to consolidate its existing business foundation and advantages to maintain its leading position in the industry, and to develop the Group into a large-scale integrated urban real estate developer with international reach at the same time, striving to create social values and bring satisfactory returns to shareholders and investors.

* *For identification purpose only*

FINANCIAL REVIEW

Revenue

The Group's revenue mainly comprised of revenue from sales of properties held for sale, leasing of investment properties and comprehensive services. The Group's revenue for the six months ended 30 June 2016 was approximately RMB3,763.8 million (six months ended 30 June 2015: RMB527.7 million), representing an increase of approximately 613% as compared to the same period last year, which was mainly due to the increase in revenue from sales of properties held for sale.

	Six months ended 30 June			
	2016	2015	Increase/ (Decrease)	
	RMB'000	*RMB'000*	*RMB'000*	%
	(Unaudited)	(Unaudited) (restated)		
Property development and sales	**3,445,760**	220,701	3,225,059	1,461%
Commercial property investment and operations	**209,705**	200,554	9,151	5%
Comprehensive services	**108,297**	106,400	1,897	2%
Total	**3,763,762**	527,655	3,236,107	613%

For the six months ended 30 June 2016, the revenue from sales of properties held for sale was approximately RMB3,445.8 million (six months ended 30 June 2015: RMB220.7 million, representing an increase of approximately 1,461% as compared to the same period last year), which mainly includes sales of the high-rise residential buildings of LVGEM Hongwan Gardens and other properties held for sale. The Group's total gross floor area of properties held for sale sold during the six months ended 30 June 2016 was approximately 118,153 square meters (six months ended 30 June 2015: approximately 17,794 square meters).

Revenue from leasing of investment properties for the six months ended 30 June 2016 was approximately RMB209.7 million (six months ended 30 June 2015: RMB200.6 million). The Group's commercial properties are all located in core areas. The properties are mainly operated under the brands of "Zoll" and "NEO". The occupancy rate of investment properties during the six months ended 30 June 2016 remained at a high level at 94% (six months ended 30 June 2015: 98%).

The Group provides comprehensive services to customers and tenants of its residential and commercial properties. These comprehensive services include property management services, hotel operations and others. As at 30 June 2016, comprehensive services of the Group generated revenue of RMB108.3 million (six months ended 30 June 2015: RMB106.4 million), representing an increase of approximately 2% as compared to the same period last year.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2016, the Group's integrated gross profit continued to remain at a relatively high level at approximately RMB1,701.1 million (six months ended 30 June 2015: RMB307.2 million), representing an increase of approximately 454% as compared to the same period last year; while the integrated gross profit margin for the six months ended 30 June 2016 remained at a relatively high level at 45% (six months ended 30 June 2015: 58%). The decrease in gross profit margin was mainly attributable to the increase in proportion of revenue from sales of properties held for sale during the period under review.

Selling Expenses

For the six months ended 30 June 2016, selling expenses of the Group amounted to approximately RMB25.6 million (six months ended 30 June 2015: RMB14.6 million), representing an increase of approximately 75% as compared to the same period in 2015. It was mainly attributable to sales commission from the sales of properties held for sale of the Hongwan project in the selling expenses during the period under review.

Administrative Expenses

For the six months ended 30 June 2016, administrative expenses of the Group amounted to approximately RMB170.4 million (six months ended 30 June 2015: RMB125.9 million), representing an increase of approximately 35% as compared to the same period in 2015. The increase was mainly attributable to the share options granted by the Group during the period. Among which, the amortization expenses for share options during the period amounted to approximately RMB68.5 million (six months ended 30 June 2015: nil).

Fair Value Changes on Investment Properties

For the six months ended 30 June 2016, fair value changes of the Group amounted to RMB0.6 million (six months ended 30 June 2015: fair value changes of approximately RMB89.1 million). Changes during the period were mainly attributable to the gain on disposal of certain investment properties in Suzhou.

Finance Costs

For the six months ended 30 June 2016, finance costs of the Group amounted to approximately RMB150.5 million (six months ended 30 June 2015: RMB120.0 million), representing an increase of approximately 25% as compared to the same period in 2015.

The increase in finance costs was due to the increase of the Group's total interest-bearing loans to RMB10,187.7 million as at 30 June 2016 from RMB8,165.4 million as at 31 December 2015. The Group's average finance cost of interest-bearing loans was 6.2% as at 30 June 2016 (31 December 2015: 6.5%). The decrease in average finance cost of interest-bearing loans was mainly due to the lowered market interest rate resulted from the monetary policy of the Chinese government.

Income Tax Expense

For the six months ended 30 June 2016, income tax expenses of the Group amounted to approximately RMB814.5 million (six months ended 30 June 2015: RMB109.1 million). The Group's income tax expense included payments and provisions made for EIT and LAT during the period under review. The increase of income tax expense during the period was mainly attributable to the increase in LAT provision. The LAT for the period amounted to approximately RMB620.3 million (six months ended 30 June 2015: RMB24.6 million), which was mainly attributable to the sales of LVGEM Hongwan Gardens.

Operating Results

For the six months ended 30 June 2016, the profit attributable to owners of the Company was approximately RMB564.2 million (six months ended 30 June 2015: RMB65.3 million), representing an increase of approximately 764% as compared to the same period in 2015.

Liquidity, Financial Resources and Gearing

Bank balances and cash as at 30 June 2016 amounted to approximately RMB3,925.9 million (including restricted bank deposits) (31 December 2015: RMB2,768.0 million).

The Group had total borrowings of approximately RMB10,262.4 million as at 30 June 2016 (31 December 2015: RMB8,233.9 million). Borrowings classified as current liabilities were approximately RMB1,700.5 million (31 December 2015: RMB1,676.3 million) and the Group's gearing ratio as at 30 June 2016 was approximately 65% (31 December 2015: 67%), which was based on total interest-bearing loans less bank balances and cash (include restricted bank deposits) to total equity.

Current, Total and Net Assets

As at 30 June 2016, the Group had current assets of approximately RMB10,997.1 million (31 December 2015: RMB10,385.0 million) and current liabilities of approximately RMB5,022.4 million (31 December 2015: RMB7,193.4 million), which represented an increase in net current assets from approximately RMB3,191.6 million as at 31 December 2015 to approximately RMB5,974.7 million as at 30 June 2016. The increase in current assets as at 30 June 2016 was mainly attributable to the increase in bank balances and cash as well as restricted bank deposits.

As at 30 June 2016, the Group recorded total assets of approximately RMB24,500.2 million (31 December 2015: RMB23,991.9 million) and total liabilities of approximately RMB15,869.7 million (31 December 2015: RMB16,018.7 million), representing a debt ratio (total liabilities over total assets) of approximately 65% (31 December 2015: 67%). Net assets of the Group were approximately RMB8,630.5 million as at 30 June 2016 (31 December 2015: RMB7,973.2 million).

For the six months ended 30 June 2016, the Group was able to utilise its internal resources and debt financing to meet the funding requirements for land acquisition.

Charge on Assets

As at 30 June 2016, loans of approximately RMB10,121.2 million (31 December 2015: RMB8,150.3 million) were secured by properties under development held for sale, properties held for sale, investment properties, properties, plant and equipment, and pledged deposits of the Group respectively in the total amount of approximately RMB11,955.3 million (31 December 2015: RMB10,813.2 million).

Contingent Liabilities

The Directors considered that there were no material contingent liabilities as at 30 June 2016 and 31 December 2015.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group's monetary assets, loans and transactions are principally denominated in RMB, HK$ and United States dollars. During the period under review, there was no significant fluctuation in the exchange rates of these three currencies. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its exposure to statement of financial position for the six months ended 30 June 2016 and in the year 2015.

Treasury Policies and Capital Structure

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

Employees

As at 30 June 2016, the Group had a staff roster of 1,363 (30 June 2015: 89), of which 1,346 (30 June 2015: 72) employees were based in the Mainland China and 17 (30 June 2015: 17) employees were based in Hong Kong. The remuneration of employees was in line with the market trends and commensurate to the levels of pay in the industry. Remuneration of the Group's employees includes basic salaries, bonuses and long-term incentives such as the granting of share options within an approved scheme.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality board, transparency and accountability to all shareholders of the Company.

Throughout the six months ended 30 June 2016, the Group complied with all code provisions under the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. The obligation to follow the Listing Rules has been set out in the terms of the service agreements of each executive Director and the letters of appointment of each independent non-executive Director. Having made specific enquiry of all the Directors, all Directors confirmed that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2016.

REVIEW OF INTERIM FINANCIAL INFORMATION

The auditor of the Company, Deloitte Touche Tohmatsu, has performed an independent review on the interim financial report for the six months ended 30 June 2016 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. On the basis of the auditor's review, which does not constitute an audit, Deloitte Touche Tohmatsu confirmed in writing that nothing has come to the auditor's attention that causes the auditor to believe that the interim financial report is not prepared, in all material respects, in accordance with HKAS 34. The interim results of the Group for the six months ended 30 June 2016 have also been reviewed by the members of the audit committee of the Company before submission to the Board for approval. The audit committee of the Company was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

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

The Company has not redeemed any of the Company's listed securities during the period under review. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30 June 2016.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The contents of results announcement are published on the websites of the Company (www.lvgem-china.com) and the HKEX (www.hkex.com.hk). The 2016 Interim Report will be dispatched to shareholders in due course.

GENERAL INFORMATION

As at the date of this announcement, the Board comprises Miss HUANG Jingshu (Chairman), Mr. TANG Shouchun (Chief Executive Officer), Mr. YE Xingan, Mr. CHEN Tieshen and Ms. DENG Chengying as executive directors and Mr. ZHU Jiusheng, Mr. WANG Jing and Ms. HU Gin Ing as independent non-executive directors.

This interim results announcement only gives a summary of the information and particulars of the 2016 Interim Report from which the contents of this announcement are derived.

By order of the Board
LVGEM (China) Real Estate Investment Company Limited
HUANG Jingshu
Chairman

Hong Kong, 16 August 2016