珠光控股
ZHUGUANG HOLDINGS

ZHUGUANG HOLDINGS GROUP COMPANY LIMITED
珠 光 控 股 集 團 有 限 公 司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1176)

2016 INTERIM RESULTS

The Board of Directors ("Board") of Zhuguang Holdings Group Company Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016 together with the comparative figures as follows:

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
RESULTS	**2016**	2015
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Revenue — sales of properties	**273,603**	1,235,745
— rental income	**45,409**	26,832
— decoration and project management income	**115,350**	—
Fair value gains on investment properties, net	**230,520**	36,985
Loss for the period	**(149,835)**	(201,911)

	At 30 June	At 31 December
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Total assets	**17,750,613**	17,428,582
Total liabilities	**13,867,823**	13,262,372
Total equity	**3,882,790**	4,166,210

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2016, the macro economy slightly recovered from the bottom, the demand and transactions in real estate industry remain steady increase because of the Government introducing a series of policies including loosening credit policies, reducing the down payments of property prices. During the first half of 2016, the Group strengthened its sales efforts for its projects under developments and achieved a steady sales in contract sales. The Group also expanded its project management services business to increase its income source.

Property Development and Sales

During the period, the Group achieved contracted sales amounted to approximately HK$1,392,782,000 for the first half of 2016, and contracted gross floor area ("GFA") approximately 143,925 square meters ("sqm"). The details are as follows:

Projects	**Contracted sales** *HK$'000*	**GFA Sold** *(sqm)*
Pearl Tianhu Yujing Garden ("**Tianhu Yujing**")	146,674	19,771
Zhuguang Yujing Scenic Garden ("**Yujing Scenic Garden**")	457,831	52,926
Central Park	15,914	313
Pearl Yijing	666,276	68,284
	1,286,695	141,294
Car Parks	106,087	2,631
	1,392,782	143,925

BUSINESS REVIEW *(Continued)*

Property Development and Sales *(Continued)*

Nansha Scenic — 100% interest

"Nansha Scenic" is located at Jinzhou Main Street, Nansha District, Guangzhou, the PRC, which is the central business district in Nansha. The project was completed and only certain car parks are available for sale. During the period, approximately 118 sqm car park area was delivered.

Zhukong International — 80% interest

"Zhukong International" is located at Lot A2-1, Zhujiang New Town, Tianhe District, Guangzhou, the PRC, which is at the junction of Guangzhou Avenue and Huang Pu Da Dao. It is developed into a 35-storey high-rise commercial complex including a 6-storey commercial podium, a 29-storey Grade A office building and a 3-storey underground car park. The aggregate GFA was approximately 133,297 sqm. The building was completed and already delivered in previous years approximately to 41,412 sqm, approximately 2,537 sqm car park area was delivered during the period. Approximately 37,456 sqm out of the total GFA was designated as investment properties, the accumulated GFA leased was 26,096 sqm of which 8,109 sqm was leased during the period. The remaining 11,360 sqm will be leased in future to earn rental income.

Central Park — 100% interest

"Central Park" is located at Lot H3-3, Zhujiang New Town, Tianhe District, Guangzhou, the PRC, and is entitled to total GFA of approximately 34,852 sqm, which was developed into a 30-storey building including service apartments, a street-level commercial podium and a 4-storey underground car park. Approximately 21,658 sqm and 434 sqm was delivered in 2015 and the first half of 2016 respectively, the remaining service apartments will be delivered soon. All the street-level commercial podium with approximately 1,318 sqm was leased out during the period.

Yujing Scenic Garden — 70% interest

"Yujing Scenic Garden" is located at Provincial Highway G105 line at Jiulibu District, Jiangpu Town, Conghua, Guangzhou, the PRC, which is well connected via a number of highways to and from Guangzhou. The project is a 20-minute drive from the downtown Conghua and a 10-minute drive from Wenquan Town, Conghua. The project site area is approximately 294,684 sqm and will be developed into a commercial and residential complex, comprising residential and commercial buildings, service apartments and car parks. According to the latest design, the total GFA is expected to be approximately 886,270 sqm. The proposed development will be divided into four phases. Phase I and part of the Phase II already delivered 222,960 sqm in total in 2015 and 20,009 sqm in the first half of 2016, the remaining part of Phase I and Phase II will be delivered soon. Phase III and IV with total GFA of approximately 432,853 sqm is expected to be completed in 2017 and 2018.

BUSINESS REVIEW *(Continued)*

Property Development and Sales *(Continued)*

Tianhu Yujing — 100% interest

"Tianhu Yujing" is located at Shui Di Village, Jiulibu District, Wenquan Town, Conghua, Guangzhou, the PRC, with a site area of approximately 55,031 sqm. The land is located adjacent to Yujing Scenic Garden, and the Group considered developing the land together with Yujing Scenic Garden to expand the Group's development and presence in Conghua. The project will be developed into 5 blocks of 32-storey modern residential buildings with total GFA of approximately 240,296 sqm. The development is divided into two phases. Phase I was expected to be delivered in 2016. Phase II was launched for per-sale in the second quarter of 2016.

Pearl Yunling Lake — 100% interest

"Pearl Yunling Lake" is located at Provincial Highway S355 line at Jiekou Street, Conghua, Guangzhou, the PRC, which is adjacent to the Fengyunling Forest Park, and is the main transportation link between Conghua and downtown of Guangzhou. The project site area is approximately 200,083 sqm, of which approximately 139,182 sqm will be developed and the remaining area will be reserved for public facilities. According to the latest design, the project will be developed into an integrated tourism project by selling the land use rights. The total GFA is expected to be approximately 124,521 sqm. The development is divided into two phases, with Phase I comprising 57 villas and 5 apartment buildings, with an aggregate GFA of approximately 43,004 sqm and Phase II comprising 28 villas, 3 apartment buildings and a hotel, with an aggregate GFA of approximately 81,517 sqm. The villas and apartment buildings will be sold upon completion, whilst the hotel will be retained as a long-term investment asset.

BUSINESS REVIEW *(Continued)*

Property Development and Sales *(Continued)*

Pearl Yijing — 100% interest

"Pearl Yijing" is located at No.168 Xinkai Street, Xianghe County, Hebei Province, the PRC. The project will be developed into several residential buildings with total GFA of approximately 193,629 sqm. The pre-sale was commenced in the 1st quarter of 2016 and expected to be delivered in 2017.

Land Bank

The Group's strategy is to maintain a portfolio of land bank which is sufficient to support the Group's own development pipeline for at least three years. During the period, the Group did not acquire any additional land except for a few potential projects under negotiation. The Group continues to explore new opportunities in cities the Group already invested in and explore into new cities in the PRC with growth potential and best investment value.

Property Investments

The Group owns certain floors of Royal Mediterranean Hotel ("Hotel") located at 518 Tianhe Road, Tianhe District, Guangzhou, the PRC, as a leased property with GFA of approximately 18,184 sqm, and approximately of 37,456 sqm in total of Zhukong International was designated as investment properties, the accumulated GFA leased was 26,096 sqm of which 8,109 sqm was leased during the period. Together with certain commercial properties, Zhukong International and the Hotel will be kept for medium to long term investment purpose.

Project Management Services

The Group project management services business commenced in 2014. During the period, the Group successfully engaged in several new projects management services which increase the income source of the Group. The Group will continue to utilise its expertise in project management in order to develop a steady income stream in the future.

BUSINESS REVIEW *(Continued)*

Business Prospect

Looking forward to the second half of 2016, it is expect that Government policies will remain stable and unchanged, the loose monetary policies and liquidity will maintain in the second half of 2016. It is expected the prices of the property will be increased in the future, the Group will continue to expand in Guangzhou and explore growth opportunities in other first tier cities such as Shenzhen and Beijing. Meanwhile, the Group will speed up turnover of development projects and actively implement strategies to clean up inventory, secure sufficient supply of projects to steadily increase the contract sales, proactively participate in urban renewal and renovation projects.

The Group will pay attention to the fast changing market environment and risks, increase its cashflow by broadening its financing channels, lowering its financing costs, optimising its debt structure and strengthening the overall financial capability for providing liquidity to the Group's continuous business growth.

FINANCIAL REVIEW

Revenue

The Group's revenue represented the sale of properties, rental income, decoration and project management income. The revenue of the Group was approximately HK$434,362,000 (six months ended 30 June 2015: HK$1,262,577,000). The decrease was mainly due to the amounts of properties delivered were substantially fewer than the same period in 2015. During the period, total areas delivered were approximately 23,098 sqm (six months ended 30 June 2015: 74,120 sqm). Rental income recorded an increase of 69% to approximately HK$45,409,000 (six months ended 30 June 2015: HK$26,832,000), the increase is primarily due to additional areas of the Zhukong International were leased out during the period. During the period, the Group recognised project management income amounting to HK$93,547,000 primarily from providing several projects management services to other developers.

Investment and other income

Current period investment and other income decreased to approximately HK$76,320,000 (six months ended 30 June 2015: HK$84,020,000) mainly due to the decrease in interest income received from bank deposits approximately to HK$42,990,000 (six months ended 30 June 2015: HK$53,245,000) comparing to the corresponding period of last year.

FINANCIAL REVIEW *(Continued)*

Fair value gains on investment properties

The Group develops and holds certain of its commercial properties such as hotels, offices, commercial properties and car parks for rental income or capital appreciation.

The Group's investment properties are appraised by independent property valuers. Any appreciation or depreciation in the Group's investment property is recognised as fair value gains or loss in the Group's consolidated statement of profit or loss. Fair value gains on investment properties for the first half of 2016 increased to approximately HK$230,520,000 from approximately HK$36,985,000 for the same period in 2015, mainly due to additional areas of Zhukong International as well as the street-level commercial podium of Central Park were leased out during the period, and certain commercial properties were designated as investment properties for the purpose of leasing.

Selling and marketing expenses

Selling and marketing expenses for the current period were approximately HK$15,859,000 (six months ended 30 June 2015: HK$7,593,000) due to the increase in promotion expenses to boost the sales in our projects.

Administrative expenses

Administrative expenses of the Group increased to approximately HK$70,573,000 (six months ended 30 June 2015: HK$46,761,000 with other tax HK$5,433,000) due to i) increase in the property management fee; ii) increase in staff costs because of one-off bonus to celebrate the 20th anniversary of the Group; and iii) the general increase in administrative expenses including provision of professional fee for potential projects due diligence and refinancing arrangement and settlement.

Finance costs

Finance costs for the current period were approximately HK$327,184,000 (six months ended 30 June 2015: HK$520,816,000 with other bank charges HK$26,885,000), which were made up of interest expenses incurred in the period after deduction of the amount capitalised to development costs.

Income tax expenses

Income tax expenses comprises of corporate income tax in the PRC ("CIT"), land appreciation tax ("LAT") and the deferred tax arising from appreciation from revaluation of investment properties. The increase in income tax expenses due to i) decrease in CIT and LAT approximately to HK$53,173,000 (six months ended 30 June 2015: HK$142,455,000) and HK$9,981,000 (six months ended 30 June 2015: HK$47,206,000) respectively because of fewer properties delivered as compared to same period in last year; and ii) offset by the increase in deferred tax due to appreciation from revaluation of investment properties during the period.

FINANCIAL REVIEW *(Continued)*

Cash position

As at 30 June 2016, the Group's cash and cash equivalents (including restricted cash and term deposits with initial terms of over three months) amounted to approximately HK$6,702,859,000 (31 December 2015: HK$5,848,861,000).

Borrowings, charges on group assets and gearing ratio

The Group's bank and other borrowings comprise the following:

	30 June 2016 *HK$'000* *(Unaudited)*	31 December 2015 *HK$'000* *(Audited)*
Bank loans — secured	**1,105,204**	1,443,118
Senior Notes — secured	**2,979,052**	2,914,608
Other borrowings — secured	**3,879,017**	3,652,517
Other borrowings — unsecured	**156,924**	158,118
	8,120,197	8,168,361

(a) The borrowings (including secured bank loans, secured senior notes and secured other borrowings) were secured by (i) investment properties; (ii) land use rights grouped under intangible assets; (iii) properties under development and completed properties held for sale; (iv) pledged bank deposits; (v) equity interests of certain subsidiaries of the Group and ex-subsidiary of the Group; (vi) assignment of all rental income from certain investment properties; (vii) corporate guarantee by an independent third party, related companies, controlling shareholder and by the ex-subsidiary of the Group; (viii) guarantees executed by the Company's directors Mr. Chu Hing Tsung (alias Zhu Qing Yi), Mr. Liao Tengjia, Mr. Chu Muk Chi (alias Zhu La Yi) and a director of company subsidiary; (ix) ordinary shares of the Company beneficially owned by controlling shareholder; and (x) charge over the assets of a related company.

(b) The gearing ratio is measured by the net borrowings (total interest-bearing borrowings net of cash and cash equivalents, restricted cash and term deposits with initial terms of over three months) over the equity attributable to owners of the Company. As at 30 June 2016, the gearing ratio was 40% (31 December 2015: 61%).

FOREIGN EXCHANGE RATE

The Group conducts its business almost exclusively in Renminbi ("RMB") except that certain borrowings are in HK$ and US$. The conversion of RMB into HK$, US$ or other foreign currencies has been based on the rates set by the People's Bank of China. The value of RMB against the HK$, US$ and other foreign currencies may fluctuate and is affected by factors such as changes in the PRC's political and economic conditions. In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC Government. The Group has not adopted any financial instruments for hedging purposes. However, the Group will constantly assess the foreign exchange risk it encounters so as to decide on the hedging policy to manage the possible foreign exchange risk that may arise.

STAFF AND REMUNERATION POLICIES

The Group had approximately 167 employees in Hong Kong and the PRC as at 30 June 2016 (31 December 2015: 148). They are remunerated according to their respective job nature, market conditions, individual performance and qualifications. Other staff benefits include annual bonus and retirement benefits. The Director's remuneration was determined based on the qualification, experience, duties, responsibilities, the Company's remuneration policy and the prevailing market conditions.

The Group has not experienced any significant problems with its employee or to its operations due to labour discipline nor has it experience any difficulty in the recruitment and retention of experienced staffs. The Group maintains a good relationship with its employees. Most members of senior management have been working for the Group for many years.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
		Unaudited	Unaudited
	Note	***HK$'000***	*HK$'000*
Revenue	*4*	**434,362**	1,262,577
Cost of sales		**(251,554)**	(900,357)
Gross profit		**182,808**	362,220
Fair value gains on investment properties, net		**230,520**	36,985
Investment and other income	*3*	**76,320**	84,020
Selling and marketing costs		**(15,859)**	(7,593)
Administrative expenses		**(70,573)**	(46,761)
Other gain, net		**19,439**	4,377
Operating profit		**422,655**	433,248
Finance costs	*5*	**(327,184)**	(520,816)
Profit/(loss) before income tax		**95,471**	(87,568)
Income tax expenses	*6*	**(245,306)**	(114,343)
Loss for the period		**(149,835)**	(201,911)
Loss attributable to:			
Owners of the Company		**(159,165)**	(187,670)
Non-controlling interests		**9,330**	(14,241)
		(149,835)	(201,911)
Loss per share for loss attributable to owners of the Company during the period (expressed in HK cents per share)			
— Basic and diluted	*8*	**3.30 cents**	3.89 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Loss for the period	**(149,835)**	(201,911)
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences	**(133,585)**	10,463
Total comprehensive income for the period	**(283,420)**	(191,448)
Total comprehensive income attributable to:		
Owners of the Company	**(286,897)**	(177,315)
Non-controlling interests	**3,477**	(14,133)
	(283,420)	(191,448)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Note	**30 June 2016 Unaudited** *HK$'000*	31 December 2015 Audited *HK$'000*
ASSETS			
Non-current assets			
Property and equipment		**49,601**	33,707
Investment properties		**2,006,560**	1,237,878
Intangible assets		**65,540**	67,268
Properties under development		—	523,358
Deferred income tax assets		**33,468**	33,422
Goodwill		**17,057**	17,401
Financial assets at fair value through profit or loss		**30,866**	23,896
		2,203,092	1,936,930
Current assets			
Properties under development		**3,839,998**	2,818,794
Completed properties held for sale		**1,461,026**	2,055,350
Trade and other receivables	*9*	**2,267,768**	2,182,306
Prepayments		**496,989**	1,571,350
Prepaid taxes		**76,857**	60,087
Available-for-sale financial assets		**702,024**	—
Financial assets at fair value through profit or loss		—	954,904
Term deposits with initial terms of over three months		**967,623**	—
Restricted cash		**434,453**	187,747
Cash and cash equivalents		**5,300,783**	5,661,114
		15,547,521	15,491,652
Total assets		**17,750,613**	17,428,582
EQUITY			
Equity attributable to owners of the Company			
Share capital		**481,831**	481,831
Other reserves		**3,499,081**	3,626,813
Accumulated losses		**(457,094)**	(297,929)
		3,523,818	3,810,715
Non-controlling interests		**358,972**	355,495
Total equity		**3,882,790**	4,166,210

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 30 June 2016

	Note	**30 June 2016 Unaudited** *HK$'000*	31 December 2015 Audited *HK$'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**4,657,738**	4,702,108
Deferred income tax liabilities		**546,708**	373,543
Finance lease payable		**979**	1,369
		5,205,425	5,077,020
Current liabilities			
Trade and other payables	*10*	**1,464,207**	1,861,460
Consideration payables for property acquisition		—	21,805
Amount due to ultimate holding company		**880**	880
Advances from customers		**2,077,339**	1,189,098
Current income tax liabilities		**1,506,487**	1,505,145
Finance lease payable		**811**	833
Borrowings		**3,462,459**	3,466,253
Derivative financial instruments		**150,215**	139,878
		8,662,398	8,185,352
Total liabilities		**13,867,823**	13,262,372
Total equity and liabilities		**17,750,613**	17,428,582

Notes:

1 GENERAL INFORMATION

Zhuguang Holdings Group Company Limited (the "Company") was incorporated in Bermuda on 22 August 1996 as an exempted company with limited liability under Part 16 of the Companies Ordinance or Part XI of the Predecessor Ordinance of Hong Kong. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company's principal activity is investment holding. The Company and its subsidiaries (together, the "Group") is principally engaged in property development, property investment, property management, and other property development related services in the People's Republic of China (the "PRC").

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 December 1996.

This condensed consolidated interim financial information for the six months ended 30 June 2016 ("Interim Financial Information") was approved for issue by the Board of Directors (the "Board") of the Company on 30 August 2016.

This Interim Financial Information is presented in thousands of Hong Kong Dollars ("HK$'000"), unless otherwise stated. Certain comparative figures have been reclassified to conform with current presentation.

The Interim Financial Information has not been audited.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Interim Financial Information has been prepared in accordance with HKAS 34 "Interim Financial Reporting". The Interim Financial Information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2015, as described in those annual consolidated financial statements, except as described below.

(a) Amended standards and interpretations adopted by the Group

HKFRS 14	Regulatory deferral accounts
Amendment to HKFRS 11	Accounting for acquisitions of interest in joint operation
Amendment to HKAS 16 and 38	Clarification of acceptable methods of depreciation and amortization
Amendment to HKAS 16 and 41	Agriculture: bearer plants
HKAS 27	Equity method in separate financial statements
Annual improvements 2014	2012-2014 cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception
Amendments to HKAS 1	Disclosure initiative

The adoption of the above amended standards and interpretations did not have any material impact on the Interim Financial Information except for disclosure.

(b) The following new standards and interpretations and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2016 and have not been early adopted:

		Effective for annual periods beginning on or after
Amendments to HKAS 12	Income taxes	1 January 2017
Amendments to HKAS 7	Statement of cash flows	1 January 2017
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 16	Leases	1 January 2019
Amendment to HKAS 10 and 28	Sale or contribution of assets between an investor and its associate or joint venture	Deferred

Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted in.

(c) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3. INVESTMENT AND OTHER INCOME

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Interest income from bank deposits	**42,990**	53,245
Interest income from other receivables	**33,330**	30,775
	76,320	84,020

4. SEGMENT INFORMATION

The executive directors, as the chief operating decision-makers ("CODM") of the Group review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into two business segments: property development and property investment. As the CODM considers most of the Group's consolidated revenue and results are attributable to the market in the PRC and the Group's consolidated assets are substantially located in the PRC, no geographical information is presented.

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Sales of properties	**273,603**	1,235,745
Rental income	**45,409**	26,832
Decoration income	**21,803**	—
Project management income	**93,547**	—
Total	**434,362**	1,262,577

Segment results represent the profit earned by each segment without net change in fair value of derivative financial liabilities, finance costs and income tax expenses. The segment results and other segment items for the six months ended 30 June 2016 are as follows:

	Property development	**Property investment**	**Group**
	HK$'000	***HK$'000***	***HK$'000***
Gross segment revenue	**388,953**	**45,409**	**434,362**
Segment results	**162,601**	**260,054**	**422,655**
Finance costs, net			**(327,184)**
Profit before income tax			**95,471**
Income tax expenses			**(245,306)**
Loss for the period			**(149,835)**
Capital expenditure	**20,061**	—	**20,061**
Depreciation	**1,838**	—	**1,838**
Amortisation of land use rights recognised as expenses	**2,431**	—	**2,431**
Fair value gains on investment properties, net	—	**230,520**	**230,520**

4. SEGMENT INFORMATION *(Continued)*

The segment results and other segment items for the six months ended 30 June 2015 are as follows:

	Property development *HK$'000*	Property investment *HK$'000*	Group *HK$'000*
Gross segment revenue	1,235,745	26,832	1,262,577
Segment results	379,573	53,675	433,248
Finance costs, net			(520,816)
Loss before income tax			(87,568)
Income tax expenses			(114,343)
Loss for the period			(201,911)
Capital expenditure	5,582	—	5,582
Depreciation	1,360	—	1,360
Amortisation of land use rights recognised as expenses	2,137	—	2,137
Fair value gains on investment properties, net	—	36,985	36,985

Segment assets and liabilities as at 30 June 2016 are as follows:

	Property development ***HK$'000***	**Property investment** ***HK$'000***	**Group** ***HK$'000***
Segment assets	**14,977,695**	**2,006,560**	**16,984,255**
Other assets			**766,358**
Total assets			**17,750,613**
Segment liabilities	**13,522,383**	**345,440**	**13,867,823**
Total liabilities			**13,867,823**

4. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities as at 31 December 2015 are as follows:

	Property development *HK$'000*	Property investment *HK$'000*	Group *HK$'000*
Segment assets	15,178,482	1,237,878	16,416,360
Other assets			1,012,222
Total assets			17,428,582
Segment liabilities	12,965,382	296,990	13,262,372
Total liabilities			13,262,372

There are no differences from the last annual consolidated financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

There are no sales between segments. The revenue from external parties reported to the Board is measured in a manner consistent with that in the condensed consolidated statement of profit or loss.

The amounts provided to the CODM with respect to total assets and liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment.

Segment assets consist primarily of property and equipment, land use rights, investment properties, properties under development, completed properties held for sale, receivables and cash and cash equivalents.

Segment liabilities consist of operating liabilities.

Capital expenditure comprises additions to property and equipment and intangible assets.

5. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Interest expenses:		
— Bank and other borrowings	**509,186**	564,390
Less: interest capitalised	**(182,002)**	(70,459)
	327,184	493,931
Other bank charges	**—**	26,885
	327,184	520,816

6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Current income tax:		
— PRC corporate income tax	**53,173**	142,455
— PRC land appreciation tax	**9,981**	47,206
Deferred income tax:		
— PRC corporate income tax	**95,643**	(73,221)
— PRC land appreciation tax	**86,509**	(2,097)
	245,306	114,343

PRC corporate income tax

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "CIT Law"), which is effective from 1 January 2008. Under the CIT Law, the corporate income tax rate applicable to the group entities located in Mainland China is 25%.

According to the CIT Law and Implementation Rules, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

PRC land appreciation tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate, except for certain subsidiaries which calculate the LAT based on deemed tax rates in accordance with the approved taxation method obtained from tax authorities.

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in the Interim Financial Information as the Group did not have assessable profit in Hong Kong for the six months period ended 30 June 2016 (six months ended 30 June 2015: Nil).

7. DIVIDENDS

No interim dividend in respect of the six months ended 30 June 2016 was proposed by the Board (six months ended 30 June 2015: Nil).

8. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Group and held for the Share Award Scheme.

	Six months ended 30 June	
	2016	2015
Loss attributable to owners of the Company (HK$'000)	**159,165**	187,670
Weighted average number of ordinary shares in issue (thousand shares)	**4,818,313**	4,818,313
Basic loss per share (HK cents per share)	**(3.30)**	(3.89)

(b) Diluted

Diluted loss per share for the six months ended 30 June 2015 and 2016 has not been presented as the Company's outstanding warrants had no dilutive effect for the six months ended 30 June 2015 and 2016 as the exercise prices of those warrants were higher than the average market price for shares.

9. TRADE AND OTHER RECEIVABLES

	30 June 2016 ***HK$'000***	31 December 2015 *HK$'000*
Trade receivables — third parties *(Note (a))*	**122,346**	1,062,898
Less: provision for impairment of trade receivables	**—**	—
Trade receivables, net	**122,346**	1,062,898
Amounts due from related parties	**1,619,298**	147,663
Other receivables	**526,124**	971,745
	2,267,768	2,182,306

9. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) The majority of the Group's sales are derived from sales of properties and rental income. The remaining amounts are with credit terms of related sales and purchase agreements and rental contracts.

	30 June 2016	31 December 2015
	HK$'000	*HK$'000*
Not due	**19,324**	1,015,700
Over due	**103,022**	47,198
	122,346	1,062,898

As at 30 June 2016 and 31 December 2015, the ageing analysis of overdue trade receivables of the Group were as follows:

	30 June 2016	31 December 2015
	HK$'000	*HK$'000*
Within 90 days	**103,022**	47,198

As at 30 June 2016, trade receivables amount to HK$103,022,000 (31 December 2015: HK$47,198,000) were past due but not impaired. As the Group normally holds property ownership certificate of the properties before collection of the outstanding balances, the Group consider that the past due trade receivables would be recovered and no provision was made.

(b) As at 31 December 2015 and 30 June 2016, the fair value of trade and other receivables approximated their carrying amounts.

(c) Other receivables from third parties mainly consist of the deposits for projects development and advances to construction contractors.

(d) Except for those disclosed in Note (a), no material trade and other receivables were impaired or past due as at 31 December 2015 and 30 June 2016.

(e) The maximum exposure to credit risk of the trade and other receivables at the reporting date was the carrying value of each class of receivables.

10. TRADE AND OTHER PAYABLES

	30 June 2016 *HK$'000*	31 December 2015 *HK$'000*
Trade payables	**924,864**	1,266,311
Amounts due to related parties	**54,906**	51,850
Provisions for contingent charges	**174,084**	221,152
Other payables and accruals	**94,112**	113,948
Other taxes payable	**216,241**	208,199
	1,464,207	1,861,460

As at 30 June 2016 and 31 December 2015, the ageing analysis of trade payables of the Group were as follows:

	30 June 2016 *HK$'000*	31 December 2015 *HK$'000*
Within one year	**676,320**	1,165,730
Over one year	**248,544**	100,581
	924,864	1,266,311

Other payables and accruals from third parties mainly comprise of deposits of customers and collection of payment for tenants.

11. EVENTS AFTER THE REPORTING PERIOD

Pursuant to a note purchase agreement dated 3 August 2016 (the "Note Purchase Agreement"), the Company has conditionally agreed to issue to certain investors (the "2016 Investors") in three tranches, secured and guaranteed senior notes in an aggregate principal amount of up to US$500 million (the "Senior Notes 2016"). The Senior Notes 2016, which will mature on 36 months after the issue date, are interest-bearing at 11% per annum and interests are payable in each three-month period in arrears. As part and parcel of the issue of the Senior Notes 2016, warrants (the "2016 Warrants") representing a total amount of exercise moneys of US$75 million would be issued by the Company to the 2016 Investors at nil consideration. The 2016 Warrants would entitle the holder thereof to subscribe for up to 292,573,143 ordinary shares of the Company (the "Warrant Shares") at an initial exercise price of HK$1.9995 per Warrant Share, which are subject to certain adjustment events. The 2016 Warrants are exercisable at any time up to 36 months from the issue date of the 2016 Warrants, subject to certain accelerated events.

Pursuant to the Note Purchase Agreement, the Company issued the first tranche of the Senior Notes 2016 in an aggregate principal amount of US$190 million to certain 2016 Investors (the "First Tranche 2016 Investors") on 4 August 2016. The 2016 Warrants representing an aggregate amount of the exercise moneys of US$28,500,000 will be issued by the Company to the First Tranche 2016 Investors.

The allotment and issue of the Warrant Shares will be subject to approval of the shareholders of the Company at a special general meeting to be convened and held.

OTHER INFORMATION

INTERIM DIVIDEND

The Directors have resolved not to declare the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

PURCHASE, SALES OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the period under review.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the applicable code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months period ended 30 June 2016, other than code provisions A.1.8, A.4.2 and E.1.2, of the CG Code.

Under code provision A.1.8 of CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. The Company is in the process of reviewing appropriate insurance cover in this respect.

Under code provision A.4.2 of the CG Code, every director should be subject to retirement by rotation at least once every three years. According to the Bye-laws of the Company, the chairman of the Board of the Company shall not be subject to retirement by rotation or taken into account in determining the number of directors to retire. As continuation is a key factor to the successful long term implementation of business plans, the Board believes that the roles of the chairman provide the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategy. As such, the Board is of the view that the chairman of the Board should not be subject to retirement by rotation.

Code provision E.1.2 of the CG Code requires that the chairman of the Board should attend the annual general meeting ("AGM"). Mr. Chu, the chairman of the Board, did not attend the 2016 AGM due to his prior engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors (the "Model Code") as contained in Appendix 10 of the Listing Rules as its own code of conduct. Special enquiry has been made to all directors, and all directors have confirmed that they have compiled with the required standards set out in the Model Code for the period ended 30 June 2016.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors of the Company. The audit committee has reviewed with management, the accounting principles and policies adopted by the Group and discussed with the management regarding auditing, internal controls and financial reporting matters, including a review of the unaudited condensed consolidated financial statements for the six months ended 30 June 2016, which is of opinion that such statements comply with the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim report of the Company containing all the information required by the Listing Rules will be published on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.zhuguang.com.hk in due course.

APPRECIATION

On behalf of the Board, I would like to express our gratitude and appreciation to the shareholders for their support and the employees for their contribution to the Group throughout the period.

On behalf of the Board
Zhuguang Holdings Group Company Limited
Chu Hing Tsung
Chairman

Hong Kong, 30 August 2016

As at the date of this announcement, the Board comprises Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) (Chairman), Mr. Liao Tengjia (Chief Executive Officer), Mr. Huang Jiajue (Deputy Chairman), Mr. Chu Muk Chi (alias Mr. Zhu La Yi) and Ms. Ye Lixia as Executive Directors and Mr. Leung Wo Ping JP, Mr. Wong Chi Keung and Dr. Feng Ke as Independent Non-executive Directors.

This announcement is published on the website of the Company (www.zhuguang.com.hk) and the designated issuer website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).