

Interim Financial Information

CONTENTS

	<i>Pages</i>
Condensed consolidated statement of profit or loss and other comprehensive income	2
Condensed consolidated statement of financial position	3
Condensed consolidated statement of changes in equity	5
Condensed consolidated statement of cash flows	7
Notes to the condensed consolidated financial statements	8
Report on review of condensed consolidated financial statements	34
Additional Information Required by the Listing Rules	36

Interim Financial Information

The board (the "Board") of directors (the "Directors") of Warderly International Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014, together with comparative figures for the previous corresponding period prepared in accordance with generally accepted accounting principles in Hong Kong as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Notes	Six months ended	
		30/6/2014 RMB'000 (Unaudited)	30/6/2013 RMB'000 (Audited) (Restated)
Revenue	4	295,005	303,107
Cost of sales		(218,117)	(191,552)
Gross profit		76,888	111,555
Change in fair value of convertible bonds	15	(216,752)	–
Other income		4,187	534
Selling expenses		(12,487)	(9,205)
Administrative expenses		(15,803)	(10,119)
Finance costs		(3,212)	–
(Loss) profit before taxation		(167,179)	92,765
Income tax expense	5	(38,983)	(58,313)
(Loss) profit and total comprehensive (expense) income for the period	6	(206,162)	34,452
(Loss) profit and total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(208,506)	29,580
Non-controlling interests		2,344	4,872
		(206,162)	34,452
(Loss) earnings per share			
Basic and diluted	8	(7.56) cents	2.68 cents

Interim Financial Information

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 June 2014*

	Notes	30/6/2014 RMB'000 (Unaudited)	31/12/2013 RMB'000 (Audited)	1/1/2013 RMB'000 (Audited) (Restated)
Non-current assets				
Plant and equipment	9	2,629	2,898	2,229
Investment property	9	5,600	5,600	–
Deferred tax asset		716	–	–
		8,945	8,498	2,229
Current assets				
Held for trading investments		–	–	400
Other receivables, prepayments and deposits	10	67,046	53,608	88,068
Tax prepaid		15,378	–	11,054
Properties under development	11	882,518	880,104	1,367,338
Properties held for sale		266,762	405,484	57,723
Pledged bank deposits		2,654	1,445	210
Bank balances and cash		75,955	116,358	154,074
		1,310,313	1,456,999	1,678,867
Current liabilities				
Trade and other payables	12	125,659	188,563	103,662
Receipt in advance	13	405,529	476,702	861,336
Income tax payable		58,647	41,399	33,780
Amounts due to related parties		–	–	61,109
Bank and other borrowings – due within one year		145,000	155,000	131,500
		734,835	861,664	1,191,387
Net current assets		575,478	595,335	487,480
Total assets less current liabilities		584,423	603,833	489,709

Interim Financial Information

	Notes	30/6/2014 RMB'000 (Unaudited)	31/12/2013 RMB'000 (Audited)	1/1/2013 RMB'000 (Audited) (Restated)
Capital and reserves				
Issued equity	14	449,690	439,307	400,000
Reserves		(793,124)	(661,881)	(29,754)
(Capital deficiency) equity attributable to owners of the Company		(343,434)	(222,574)	370,246
Non-controlling interests		30,173	27,829	19,463
(Capital deficiency) total equity		(313,261)	(194,745)	389,709
Non-current liabilities				
Convertible bonds	15	812,353	683,247	–
Bank and other borrowings – due after one year		85,000	115,000	100,000
Deferred tax liabilities		331	331	–
		897,684	798,578	100,000
Total equity and non-current liabilities		584,423	603,833	489,709

Interim Financial Information

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2014*

	Attributable to owners of the Company									
	Issued equity					Reverse	Accu-	Non-		
Ordinary	share	Equity	Share	Statutory	Other	acqui-	mulated	Total	control-	Total
capital	reserve	premium	reserves	reserve	reserve	sition	loss	equity	ling	Interests
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(note 14)			(note i)	(note ii)						
At 1 January 2014 (audited)	16,474	422,833	-	25,298	8,533	(390,381)	(305,331)	(222,574)	27,829	(194,745)
Issue of shares upon conversion of convertible bonds	10,383	-	77,263	-	-	-	-	87,646	-	87,646
(Loss) profit and total comprehensive (expense) income for the period	-	-	-	-	-	-	(208,506)	(208,506)	2,344	(206,162)
Transfers to statutory reserves	-	-	-	2,344	-	-	(2,344)	-	-	-
At 30 June 2014 (unaudited)	26,857	422,833	77,263	27,642	8,533	(390,381)	(516,181)	(343,434)	30,173	(313,261)
At 1 January 2013 (audited and restated)	3,295	396,705	-	18,229	8,533	-	(56,516)	370,246	19,463	389,709
Profit and total comprehensive income for the period	-	-	-	-	-	-	29,580	29,580	4,872	34,452
Transfers to statutory reserves	-	-	-	287	-	-	(287)	-	-	-
At 30 June 2013 (unaudited and restated)	3,295	396,705	-	18,516	8,533	-	(27,223)	399,826	24,335	424,161

Interim Financial Information

Notes:

(i) Statutory reserve

In accordance with the People's Republic of China ("PRC") Company Law and the PRC subsidiaries' Articles of Association, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its annual statutory net profit as determined in accordance with relevant statutory rules and regulations applicable to enterprises established in the PRC (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory reserve can be utilised to offset prior years' losses or to increase capital. However, such balance of the statutory reserve must be maintained at a minimum of 25% of the capital after such usages.

(ii) Other reserve

Other reserve represents the net gain arising from the transactions between the non-controlling interests and the owners of Nanjing Fullshare Asset Management Limited ("Nanjing Fullshare").

Interim Financial Information

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2014*

	Six months ended	
	30/6/2014	30/6/2013
	RMB'000	RMB'000
	(Unaudited)	(Audited) (Restated)
Net cash from (used in) operating activities	786	(35,902)
Investing activities		
Interest received	198	525
Proceeds from disposal of plant and equipment	65	–
Purchase of plant and equipment	(243)	(482)
Increase in pledged bank deposits	(1,209)	(10,985)
Advance to related parties	–	(6,241)
Net cash used in investing activities	(1,189)	(17,183)
Financing activities		
Bank borrowings raised	40,000	80,000
Repayment of bank borrowings	(80,000)	(8,500)
Advance to related parties	–	(270)
Dividend paid	–	(17,427)
Net cash (used in) from financing activities	(40,000)	53,803
Net (decrease) increase in cash and cash equivalents	(40,403)	718
Cash and cash equivalents at 1 January	116,358	154,074
Cash and cash equivalents at 30 June, represented by bank balances and cash	75,955	154,792

Interim Financial Information

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2007 Revised) of the Cayman Islands.

The principal activity of the Company and its subsidiaries is property development. In the opinion of the Directors, the parent and the ultimate holding company of the Company is Magnolia Wealth International Limited ("Magnolia Wealth"), a limited company incorporated in the British Virgin Islands ("BVI").

The condensed consolidated financial statements are presented in Renminbi ("RMB") which is the same as the functional currency of the Group.

Upon the completion of the Reverse Takeover Transaction (as defined hereinunder), the Group changed the functional currency of the Company and presentation currency of its condensed consolidated financial statements from Hong Kong Dollar ("HK\$") to RMB because, in the opinion of the Directors, the revenue are entirely contributed by the property development business in the PRC from the date of the completion of reverse takeover transaction ("Reverse Takeover Transaction") and this could provide users with more comparable information with other companies in similar industries. Comparative figures have been represented in RMB. Also, the presentation currency is also the functional currency of the Company.

The change in functional currency of the Company was applied prospectively from date of change in accordance with HKAS 21 *The Effect of Changes in Foreign Exchange Rate*. On the date of the change of functional currency, all assets, liabilities, issued capital and other components of equity and profit and loss account items were translated into RMB at the exchange rate on that date.

Interim Financial Information

1. GENERAL (continued)

The change in presentation currency of the Group has been applied retrospectively in accordance with HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, and the comparative figures as at 1 January 2013 and 31 December 2013 and for the six months ended 30 June 2013 have also been restated to RMB accordingly.

The changes in functional and presentation currencies have no significant impact on the financial positions of the Group as at 1 January 2013, 31 December 2013 and 30 June 2014, or the results and cash flows of the Group for the six months ended 30 June 2013 and 2014.

2. 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 (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange (the "Stock Exchange") of Hong Kong Limited (the "Listing Rules").

On 12 December 2013, open offer, debt restructuring and reverse takeover involving a new listing application was completed. The Group acquired the entire equity interest of Nanjing Fullshare, a company incorporated in the PRC with limited liability from Nanjing Fullshare Industry Holding Group Co. Ltd. ("Nanjing Fullshare Holding") at cash consideration of HK\$500,000,000. Magnolia Wealth, an underwriter of the open offer of the Company, is acting in concert with Nanjing Fullshare Holding. Nanjing Fullshare is an investment holding company which is wholly owned by Nanjing Fullshare Holding, immediately before the completion of the Reverse Takeover Transaction. Nanjing Fullshare and its subsidiaries (the "Nanjing Fullshare Group") are principally engaged in property development in the PRC. The details of the Reverse Takeover Transaction are set out in the Company's circular dated 28 October 2013 (the "Circular") and in the announcement of the Company dated 12 December 2013.

Interim Financial Information

2. BASIS OF PREPARATION (continued)

Reverse Takeover Transaction

The Reverse Takeover Transaction has been accounted for as a reverse acquisition under Hong Kong Financial Reporting Standard 3 (Revised) *Business Combination* (“HKFRS 3 (Revised)”) as Magnolia Wealth has taken up approximately 52.28% ordinary shares of the Company through the open offer (the “Open Offer”) and Mighty Fame Limited (“Mighty Fame”), a wholly owned subsidiary of the Company, has acquired entire equity interest of Nanjing Fullshare at cash consideration of HK\$500,000,000 from Nanjing Fullshare Holding. For accounting purpose, the aforesaid transactions were deemed as reverse acquisition transaction. As a result, the Company (together with its subsidiaries before the completion of the Reverse Takeover Transaction, collectively referred to as the “Existing Group”), the accounting acquiree, is deemed to have been acquired by Nanjing Fullshare, the accounting acquirer. These condensed consolidated financial statements have been prepared as a continuation of the condensed consolidated financial statements of the Nanjing Fullshare Group and accordingly:

- (i) The assets and liabilities of the Nanjing Fullshare Group are recognised and measured at their carrying amounts;
- (ii) The identified assets and liabilities of the Existing Group are recognised and measured initially at their fair value in accordance with the HKFRS 3 (Revised); and
- (iii) The comparative figures as at 1 January 2013 and for the six months ended 30 June 2013 presented in these condensed consolidated financial statements is restated to be that of the Nanjing Fullshare Group.

Interim Financial Information

2. BASIS OF PREPARATION (continued)

Reverse Takeover Transaction (continued)

In preparing these condensed consolidated financial statements, the Nanjing Fullshare Group has applied the acquisition method to account for the acquisition of the Existing Group. In applying the acquisition method, the consideration deemed to be given by Nanjing Fullshare was approximately RMB39,307,000 (equivalent to approximately HK\$50,344,000), calculated based on HK\$0.05 each (i.e. offer price under the Open Offer) of approximately 1,006,964,000 ordinary shares of the Company (the "Deemed Consideration"), which represented the number of issued ordinary shares of the Company minus the number of ordinary shares held by Magnolia Wealth as at the date of completion of the Reverse Takeover Transaction. The separately identifiable assets and liabilities of the Existing Group were recorded in the consolidated statement of financial position at their fair value upon the completion date of the Reverse Takeover Transaction.

Going concern

The condensed consolidated financial statements have been prepared on a going concern basis notwithstanding the capital deficiency of approximately RMB313,261,000 as at 30 June 2014. The Group's liabilities as at 30 June 2014 mainly included trade and other payables, bank and other borrowings and convertible bonds.

In the opinion of the Directors, included in the non-current liabilities were convertible bonds (principal amount of HK\$355,000,000) of approximately RMB660,917,000, which will be fully converted to ordinary shares of the Company on or before the last business day of conversion period of the convertible bonds. Such convertible bonds shall not have cash outflow impact on the Group.

Interim Financial Information

2. BASIS OF PREPARATION (continued)

Going concern (continued)

Accordingly, the Directors considered that the Group has sufficient working capital to meet its financial obligations as and when they fall due. The condensed consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be required should the Group not be able to continue as a going concern.

Change of Financial Year-end date

During the year ended 31 December 2013, the reporting period end date of the Group was changed from 30 April to 31 December because the Directors considered that the core business of the Group are in the PRC and the financial year of all PRC companies end on 31 December. The change of financial year end date of the Company from 30 April to 31 December will make the financial year end date of the Company consistent with the financial year end date for the PRC subsidiaries. Accordingly, the interim reporting period end date of the Group was changed from 31 October to 30 June. This will facilitate the Company in preparing and updating its financial statements for the preparation of condensed consolidated accounts, and enable the Company to better utilise its resources and facilitate better planning and operational processes of the Company.

Accordingly, the corresponding comparative amounts shown for the condensed consolidated statement of financial position has been restated and shown the assets, liability and equity of the Group as at 31 December 2013, also, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and related notes of the Company have been restated and cover a six months period from 1 January 2013 to 30 June 2013.

Interim Financial Information

3. PRINCIPAL ACCOUNTING POLICIES

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

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)* – Interpretation 21	Levies

* HK(IFRIC) represents the Hong Kong (International Financial Reporting Interpretation Committee)

The application of the above new Interpretation and 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.

Interim Financial Information

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for properties sold by the Group to outside customers less sales related taxes.

For management purpose, the Group operates in one business unit based on their products, and has one reportable and operating segment: Property development. The Directors monitor the revenue of its business unit as a whole based on the monthly sales and pre-sales for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and results; and segment assets and liabilities are presented in the condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of financial position respectively.

Information about geographical areas

As all the Group's revenue is derived from customers based in the PRC (country of domicile) and all the Group's non-current assets are located in the PRC, no geographical information is presented.

Information about major customers

During the six months ended 30 June 2014, there was no one (six months ended 30 June 2013: nil) single external customer contributing over 10% of the Group's revenue.

Interim Financial Information

5. INCOME TAX EXPENSE

	Six months ended	
	30/6/2014	30/6/2013
	RMB'000	RMB'000
	(Unaudited)	(Audited) (Restated)
Current tax:		
PRC Enterprise Income Tax ("EIT")	17,213	17,537
PRC Land Appreciation Tax ("LAT")	22,486	43,821
	39,699	61,358
Deferred taxation	(716)	(3,045)
	38,983	58,313

6. (LOSS) PROFIT FOR THE PERIOD

	Six months ended	
	30/6/2014	30/6/2013
	RMB'000	RMB'000
	(Unaudited)	(Audited) (Restated)
(Loss) profit for the period have been arrived at after charging (crediting):		
Costs of properties held for sale recognised as expenses (included in cost of sales)	218,117	191,552
Rental income	(180)	-
Interest income	(198)	(525)
Net exchange gain	(110)	-
Waiver of interests on convertible bonds	(2,922)	-
Depreciation of plant and equipment	447	414
Operating lease rentals of properties	1,104	340

Interim Financial Information

7. INTERIM DIVIDEND

No dividend was paid, declared or proposed during the interim period. The Directors have determined that no dividend will be paid in respect of the interim period (six months ended 30 June 2013: nil).

8. (LOSS) EARNINGS PER SHARE

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

	Six months ended	
	30/6/2014	30/6/2013
	RMB'000	RMB'000
	(Unaudited)	(Audited) (Restated)
(Loss) earnings		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share for the period attributable to the owners of the Company	(208,506)	29,580
	2014	2013
	'000	'000 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	2,756,409	1,103,036
Effect of dilutive potential ordinary shares: Conversion of convertible bonds (note)	–	–
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	2,756,409	1,103,036

Interim Financial Information

8. (LOSS) EARNINGS PER SHARE (continued)

The weighted average number of shares used for the purpose of calculating basic earnings per share for the six months ended 30 June 2013 is determined by reference to the pre-combination capital of Nanjing Fullshare multiplied by the exchange ratio established in the Reverse Takeover Transaction.

The weighted average number of shares used for the purpose of calculating basic earnings per share for the six months ended 30 June 2014 is determined by reference to the weighted average number of issued ordinary shares of the Company during the period.

No diluted earnings per share for the six months ended 30 June 2013 is presented because Nanjing Fullshare did not have potential ordinary shares outstanding during that period.

Note: The computation of diluted earnings per share for the six months ended 30 June 2014 does not assume the conversion of the Company's outstanding HK\$435,000,000 convertible bonds, since their exercise would reverse the result from a loss to a profit for the purpose of diluted earnings per share and result in an increase in earnings per share for the six months ended 30 June 2014.

9. MOVEMENT IN PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the current interim period, the Group acquired certain plant and equipment with a cost of approximately RMB243,000 (six months ended 30 June 2013: RMB482,000). Also, the Group disposed of certain plant and equipment with an aggregate carrying amount of approximately RMB65,000 (six months ended 30 June 2013: nil) for cash proceeds of RMB65,000 (six months ended 30 June 2013: nil).

The Group's investment property as at the end of the reporting periods was fair valued by CBRE Limited, an independent qualified professional valuer not connected with the Group. The valuation was determined by reference to recent market prices for similar properties in the similar locations and conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The Group is in the process of obtaining the building ownership certificate for the investment property.

Interim Financial Information

10. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30/6/2014	31/12/2013
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Other receivables and deposits (note)	24,446	24,182
Other tax prepaid	21,581	24,335
Prepayments	21,019	5,091
	67,046	53,608

The Group does not hold any collateral over these balances.

Note: Included in the Group's other receivables and deposits are security deposits with an aggregate balance of RMB20,869,000 (31 December 2013: RMB21,679,000) which are paid to certain PRC's government authorities for the property development in the PRC. Such security deposits will be released upon completion of construction. All other receivables and deposits were neither past due nor impaired.

The Directors consider that there has not been a significant change in credit quality of the other receivables, prepayments and deposits and there is no recent history of default, therefore the amounts are considered recoverable.

11. PROPERTIES UNDER DEVELOPMENT

	30/6/2014	31/12/2013
	RMB'000	RMB'000
	(Unaudited)	(Audited)
At the beginning of the period/year	880,104	1,367,338
Additions	72,091	469,171
Interest capitalised	9,718	22,959
Transfer to properties held for sale upon completion	(79,395)	(979,364)
At the end of the period/year	882,518	880,104

Interim Financial Information

12. TRADE AND OTHER PAYABLES

	30/6/2014 RMB'000 (Unaudited)	31/12/2013 RMB'000 (Audited)
Trade payables	41,815	28,321
Bills payables	2,654	1,445
Other tax payables	49	38
Other payables	14,516	12,063
Accrued expenses	66,625	146,696
	125,659	188,563

The following is an aged analysis of the Group's trade payables presented based on the invoice date at the end of reporting period:

	30/6/2014 RMB'000 (Unaudited)	31/12/2013 RMB'000 (Audited)
Within 90 days	33,004	24,412
91 – 180 days	8,406	990
181 – 365 days	348	2,737
Over 1 year	57	182
	41,815	28,321

The Group has financial risk management policies in place to ensure that all trade payables are settled within the credit timeframe.

13. RECEIPT IN ADVANCE

Receipt in advance represents sales proceeds received from customers in connection with the Group's pre-sale of properties at the end of the reporting period.

Interim Financial Information

14. ISSUED EQUITY

Due to the application of the reverse acquisition basis of accounting, the issued capital of the Group represents the issued capital of the legal subsidiary, Nanjing Fullshare, immediately before the acquisition of RMB400,000,000 before the Reverse Takeover Transaction, and in case after the Reverse Takeover Transaction, the deemed cost of acquisition of the Existing Group of RMB39,307,000 (note 2).

(a) Issued capital of the Group

	Group Issued Capital RMB'000
At 1 January 2013 and 30 June 2013	400,000
Acquisition of subsidiaries	39,307
	<hr/>
At 31 December 2013 and 1 January 2014	439,307
Conversion of convertible bonds (note 15)	10,383
	<hr/>
At 30 June 2014	449,690
	<hr/> <hr/>

Interim Financial Information

14. ISSUED EQUITY (continued)

(b) Share Capital of the Company

	Number of shares	Nominal value of ordinary shares	
		HK\$'000	RMB'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 1 January 2013 and 30 June 2013	8,000,000,000	80,000	
Increase in authorised share capital (note i)	12,000,000,000	120,000	
At 1 January 2014 and 30 June 2014	20,000,000,000	200,000	
Issued and fully paid:			
At 1 January 2013 and 30 June 2013	422,000,000	4,220	3,295
Issuance upon Open Offer (note ii)	1,688,000,000	16,880	13,179
At 1 January 2014	2,110,000,000	21,100	16,474
Conversion of convertible bonds (note 15)	1,300,000,000	13,000	10,383
30 June 2014	3,410,000,000	34,100	26,857

Interim Financial Information

14. ISSUED EQUITY (continued)

(b) Share Capital of the Company (continued)

Notes:

- (i) Pursuant to an ordinary resolution passed on 13 November 2013, the authorised share capital of the Company was increased from HK\$80,000,000 to HK\$200,000,000 by the creation of 12,000,000,000 additional shares of HK\$0.01 each, ranking *pari passu* in all aspects with the existing shares of the Company.
- (ii) During the year ended 31 December 2013, the Company carried out the Open Offer to raise HK\$84,400,000 on the basis of 4 offer shares for every 1 existing share held on the record date at the offer price of HK\$0.05 each of 1,688,000,000 offer shares (the "Offer Shares") with Magnolia Wealth being the underwriter of the Open Offer. Upon the completion of the Open Offer, the number of the issued share capital of the Company increased by 1,688,000,000 to 2,110,000,000.

As the Offer Shares were not fully subscribed by the existing shareholders of the Company, Magnolia Wealth has taken up 1,103,036,404 Offer Shares, representing approximately 52.28% of the total issued share capital as enlarged by the Offer Shares.

15. CONVERTIBLE BONDS

On 12 December 2013, the Company issued 2% convertible bonds with principal amount of HK\$500,000,000 (equivalent to approximately RMB390,381,000). The convertible bonds can be converted up to 10,000,000,000 ordinary shares at HK\$0.05 each. The convertible bonds entitled their holders to convert them into ordinary shares of the Company at any time from the date of the issue up to and including the date which is 5 business days prior to the maturity date (i.e. 12 December 2018) of the convertible bonds. The convertible bonds cannot be early redeemed by their holders or the Company.

Interim Financial Information

15. CONVERTIBLE BONDS (continued)

	30/6/2014	31/12/2013
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Convertible bonds issued by the Company:		
At beginning of the period/year	683,247	–
Issue of convertible bonds	–	390,381
Conversion of convertible bonds	(87,646)	–
Change in fair value due to the deed of waiver and undertaking received by the Company	(10,280)	–
Change in fair value of convertible bonds	227,032	292,866
	812,353	683,247

On 2 April 2014, convertible bonds with principal amount of HK\$65,000,000 were converted into 1,300,000,000 ordinary shares of the Company.

Pursuant to the deed of waiver and undertaking dated on 18 June 2014 (the “Deed”), Magnolia Wealth, which held the convertible bonds with principal amount of HK\$355,000,000, (i) irrevocably and unconditionally undertake and agree to waive all rights to the interest in respect of the convertible bonds and all rights arising therefrom or in connection therewith; (ii) convert the full amounts of all the convertible bonds at the last business day of conversion period and will not be entitled to have any redemption right in respect of the convertible bonds.

The convertible bonds of the Group were classified as non-current liabilities as at 30 June 2014 and 31 December 2013.

Interim Financial Information

15. CONVERTIBLE BONDS (continued)

The fair value of the convertible bonds with principal amount of HK\$355,000,000 at 30 June 2014 (31 December 2013: HK\$355,000,000) is approximately HK\$824,825,000, equivalent to approximately RMB660,917,000 (31 December 2013: approximately HK\$621,323,000, equivalent to approximately RMB485,105,000), using the prepaid forward contract model (31 December 2013: binomial model) to determine the fair value since the holder of convertible bonds will not be entitled to have any redemption right in respect of the convertible bonds pursuant to the Deed.

The fair value of the remaining convertible bonds with principal amount of HK\$80,000,000 at 30 June 2014 (31 December 2013: HK\$145,000,000) is approximately HK\$188,992,000, equivalent to approximately RMB151,436,000 (31 December 2013: approximately HK\$253,780,000, equivalent to approximately RMB198,142,000), using the binomial model (31 December 2013: binomial model) to determine the fair value.

The aforesaid fair values are determined taking into account the valuations are carried out by AVISTA Valuation Advisory Limited, an independent qualified valuer not connected to the Group.

The fair value of the convertible bonds at the end of the reporting period was calculated using the market value basis. Major parameters adopted in the calculation of the fair value are summarised below:

	30/6/2014	31/12/2013
Share price	HK\$0.285	HK\$0.26
Conversion price	HK\$0.05	HK\$0.05
Expected volatility (note i)	42.6%	47 %
Expected life (note ii)	53.5 months	59.5 months
Discount rate (note iii)	12.7%	15.05%

Notes:

- (i) Expected volatility was determined by the average volatility of the comparable companies as the proxy to derive the expected volatility of the underlying share.
- (ii) Expected life was the expected remaining life of the convertible bonds.
- (iii) Discount rate is derived based on yield of comparable bonds with similar credit ratings applicable for the Company, after adjustments for country risk premium, illiquidity, etc.

Interim Financial Information

16. COMMITMENTS

a) Commitments under operating leases

The Group as lessor

The Group sublets certain portion of its office premises under operating lease arrangement to an independent third party during the six months ended 30 June 2014. Rental income earned during the six months ended 30 June 2014 was approximately RMB129,000 (six months ended 30 June 2013: nil).

Rental income earned from leasing of plant and equipment during the six months ended 30 June 2014 was approximately RMB51,000 (six months ended 30 June 2013: nil). The plant and equipment generated rental yields of 15% (31 December 2013: nil) on an ongoing basis. The plant and equipment held have committed tenants for the next one (31 December 2013: nil) year.

At the end of the reporting period, the Group had contracted with tenants for the following minimum lease payments:

	30/6/2014 RMB'000 (Unaudited)	31/12/2013 RMB'000 (Audited)
Within one year	418	–
In the second to fifth year inclusive	226	–
	644	–

The Group as lessee

The Group leases certain of its offices under operating lease arrangements. The leases typically run for an initial period of three to six years. Lease payments are usually increased annually to reflect market rentals. No provision for contingent rent and terms of renewal was established in the leases.

Interim Financial Information

16. COMMITMENTS (continued)

a) Commitments under operating leases (continued)

The Group as lessee (continued)

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which are payable as follows:

	30/6/2014 RMB'000 (Unaudited)	31/12/2013 RMB'000 (Audited)
Within one year	5,011	1,931
In the second to fifth year inclusive	7,064	2,396
Over five years	–	301
	12,075	4,628

b) Capital commitments

At the end of the reporting periods, the Group had the following capital commitments for properties under development:

	30/6/2014 RMB'000 (Unaudited)	31/12/2013 RMB'000 (Audited)
Authorised but not contracted for	1,570,446	1,351,191
Contracted but not provided for	571,487	446,738

Interim Financial Information

17. PLEDGE OF ASSETS

At the end of the reporting period, certain assets of the Group were pledged to secure banking facilities granted to the Group as follows:

	30/6/2014	31/12/2013
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Properties under development	579,652	526,184
Pledged bank deposits	2,654	1,445
	582,306	527,629

18. CONTINGENT LIABILITIES

Guarantees in respect of mortgage facilities for purchasers of the Group's property units

	30/6/2014	31/12/2013
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	303,059	485,887

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issue of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration and receipt of such certificate by the bank; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Interim Financial Information

18. CONTINGENT LIABILITIES (continued)

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The Directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantees measured at fair value are immaterial.

The fair value of the Group's financial guarantees has been assessed by CBRE Limited, an independent qualified valuer not connected to the Group.

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial liabilities are measured at fair value at the end of each reporting period.

	Level 3	
	30/6/2014	31/12/2013
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Financial liabilities at fair value through profit or loss		
Convertible bonds	812,353	683,247

Interim Financial Information

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial liabilities that are measured at fair value on a recurring basis (continued)

The following table gives information about how the fair values of these financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial liabilities	Valuation technique(s) and key inputs	Significant unobservable input(s)
Convertible bonds	Binomial model and prepaid forward contract model	Volatility, determined by reference to the share price of listed entities to similar industries. The volatility is 42.6% (31 December 2013: 47%) (note i). Dilution effect, taking into account the valuation methodology. Discount rate of 12.7% (31 December 2013: 15.05%) (note ii)

Note (i): An increase in the volatility used in isolation would result in a decrease in the fair value measurement of the convertible bonds, and vice versa. A 10% increase in the volatility holding all other variables constant would decrease the fair value of amount of the convertible bonds by approximately RMB300,000 (31 December 2013: RMB721,000).

Note (ii): An increase in the discount rate used in isolation would result in a significant decrease in the fair value measurement of the convertible bonds, and vice versa. A 3% increase in the discount rate holding all other variables constant would decrease the fair value of amount of the convertible bonds by approximately RMB131,000 (31 December 2013: RMB436,000).

Interim Financial Information

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial liabilities that are measured at fair value on a recurring basis (continued)

There were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 during the six months ended 30 June 2014 and the year ended 31 December 2013.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

Reconciliation of Level 3 fair value measurements

	30/6/2014	31/12/2013
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Opening balance	683,247	–
Issue	–	390,381
Conversion	(87,646)	–
Total loss in profit or loss	216,752	292,866
	812,353	683,247

Change in fair value of convertible bonds of approximately RMB216,752,000 (six months ended 30 June 2013: nil) related to the convertible bonds held at the end of the current reporting period and is included in condensed consolidated statement of profit or loss and other comprehensive income during the six months ended 30 June 2014.

Interim Financial Information

20. RELATED PARTIES TRANSACTIONS

- a) Save as disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following transactions during the six months ended 30 June 2014 and 2013:

Name of party	Relationship
Nanjing Fullshare Holding*	Ultimately controlled by Mr. Ji Changqun ("Mr. Ji"), which is also the shareholder and director of the Company
Jiangsu Fullshare Trading Development Company Limited ("Jiangsu Fullshare Trading")*	Ultimately controlled by Nanjing Fullshare Holding *
Jiangsu Anke Medical Systems Engineering Co. Ltd. ("Jiangsu Anke Medical Systems")*	Ultimately controlled by Nanjing Fullshare Holding *
Nanjing Fullshare Energy Management Company Limited ("Nanjing Fullshare Energy")*	Ultimately controlled by Mr. Ji
Nanjing Fullshare Dazuo Technology Co., Ltd. ("Nanjing Fullshare Technology")*	Ultimately controlled by Mr. Ji

* For identification purpose only.

Interim Financial Information

20. RELATED PARTIES TRANSACTIONS (continued)

a) (continued)

Nature of transaction	Notes	Six months ended	
		30/6/2014 RMB'000 (Unaudited)	30/6/2013 RMB'000 (Audited) (Restated)
(a) Purchase of construction materials from Jiangsu Fullshare Trading	(i)	1,218	8,510
(b) Decoration construction services to the model apartment by Jiangsu Anke Medical Systems	(ii)	99	–
(c) Property management services provided by Nanjing Fullshare Energy	(ii)	–	89
(d) Rental paid to Nanjing Fullshare Technology	(iii)	393	–
(e) Information technology service provided by Nanjing Fullshare Holding	(ii)	34	–

Notes:

- (i) The terms in relation to purchases from Jiangsu Fullshare Trading during the six months ended 30 June 2014 and 2013 were agreed by both parties.
- (ii) The terms in relation to services provided by Jiangsu Anke Medical Systems, Nanjing Fullshare Energy and Nanjing Fullshare Holding during the six months ended 30 June 2014 and 2013 were agreed by both parties.
- (iii) The terms in relation to rental expenses paid to Nanjing Fullshare Technology during the six months ended 30 June 2014 were agreed by both parties.

Interim Financial Information

20. RELATED PARTIES TRANSACTIONS (continued)

b) Compensation of key management personnel

The remuneration of Directors and other members of key management during the six months ended 30 June 2014 and 2013 are as follows:

	Six months ended	
	30/6/2014	30/6/2013
	RMB'000	RMB'000
	(Unaudited)	(Audited) (Restated)
Salaries and other benefits in kind	3,418	904
Retirement benefits scheme contributions	79	63
	3,497	967

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

21. EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the current interim period, convertible bonds with principal amount of HK\$58,000,000 were converted into 1,160,000,000 ordinary shares of the Company.

Interim Financial Information

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE BOARD OF DIRECTORS OF WARDERLY INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Warderly International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 2 to 33, which comprise the condensed consolidated statement of financial position as at 30 June 2014 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Interim Financial Information

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Wong Hon Kei, Anthony

Practising Certificate Number: P05591

Hong Kong

28 August 2014

Additional Information Required by the Listing Rules

BUSINESS REVIEW

The revenue of Warderly International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") mainly came from sales of real properties.

Property sales

For the six months ended 30 June 2014 (the "Review Period"), the revenue of property sales of the Group was approximately RMB295,005,000, representing a decline of 2.7% over the same period of 2013. During the Review Period, the Group delivered properties with an aggregate gross floor area ("GFA") of approximately 45,781 sq.m. and three storerooms with an aggregate GFA of approximately 89 sq.m.. Gross profit margin for property sales for the six months ended 30 June 2014 decreased to 26% as comparing to the same period of last year. For the six months ended 30 June 2014, the average selling price recognised was RMB6,431 per sq.m..

For the six months ended 30 June 2014, the Group made contracted sales of approximately RMB242,270,000, representing a decrease of 7.37% over the same period of 2013. The Group made contracted sales for an aggregate GFA of approximately 40,838 sq.m., representing a decrease of 2.79% over the same period of 2013.

As of 30 June 2014, the Group's contracted sales for the contracts signed but not yet delivered were approximately RMB550,741,000 with a total area of 90,589 sq.m., which laid a solid foundation for the sustaining and steady growth of its future revenue.

Progress of property development for the JiuZongGou land parcel (九總溝地塊) in Yancheng, Jiangsu, the PRC

As of the date of this report, the Group's development of the JiuZongGou land parcel (九總溝地塊) located in the east of Kaichuang Road in Yancheng, Jiangsu is still at the preliminary planning stage. The development mainly consists of high-rise apartment buildings with commercial ancillary facilities and a kindergarten. The Group expects that phase 1 construction of the project will commence in the first half year of 2015.

Additional Information Required by the Listing Rules

Projects held for future development

As of 30 June 2014, there was no addition of project held for future development.

As of 30 June 2014, the Group had projects held for future development as follows:

XiChengFuDi (西城府邸):

XiChengFuDi (西城府邸) occupies a total site area of approximately 139,205 sq.m. and is expected to have an aggregate GFA of approximately 421,621 sq.m. and an aggregate saleable area of approximately 415,048 sq.m. (including storerooms) upon completion. As of 30 June 2014, the project has an aggregate GFA of approximately 299,547 sq.m. held for future development.

JiuZongGou Land Parcel
(九總溝地塊):

The Group wholly owns a parcel of land at JiuZongGou Yancheng with a total site area of approximately 89,123 sq.m., which is held for future development. It is expected that the project has an aggregate GFA of approximately 277,881sq.m. upon completion.

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased from approximately RMB303,107,000 for the six months ended 30 June 2013 to approximately RMB295,005,000 for the six months ended 30 June 2014. The decrease was mainly because phase 1 of TongJingYueCheng (同景躍城) delivered in the first half of 2013 was a larger scale property project but ShuXiangYuan (書香苑) delivered in first half year of 2014 was a smaller scale property project. The relevant delivered GFA of the Group's properties decreased from approximately 53,960 sq.m. for the six months ended 30 June 2013 to approximately 45,870 sq.m. for the six months ended 30 June 2014.

Additional Information Required by the Listing Rules

Cost of sales

The cost of sales of the Group increased approximately 14% from approximately RMB191,552,000 for the six months ended 30 June 2013 to approximately RMB218,117,000 for the six months ended 30 June 2014. The increase in costs was because the property projects mainly delivered in 2014 were section 2 of phase 3 of XiChengYiPin (西城逸品) and ShuXiangYuan (書香苑) that have higher unit costs.

Gross profit and gross profit margin

Due to the foregoing, the gross profit of the Group decreased approximately 31% from approximately RMB111,555,000 for the six months ended 30 June 2013 to approximately RMB76,888,000 for the six months ended 30 June 2014.

The gross profit margin of the Group for the six months ended 30 June 2014 was approximately 26%, representing a decrease as compared to the same period of last year of approximately 37%. The main reason for the decrease was the section 2 of phase 3 of XiChengYiPin (西城逸品) and ShuXiangYuan (書香苑) delivered in the first half year of 2014 had lower gross margins. There was no delivery of those two projects in the first half year of 2013.

Other income

Other income increased approximately 684% from approximately RMB534,000 for the six months ended 30 June 2013 to approximately RMB4,187,000 for the six months ended 30 June 2014. The other income mainly included the waiver of interest of the convertible bonds of approximately RMB2,922,000 and the waiver of legal and professional charges of approximately RMB672,000 during the Review Period whereas the other income for the first half year of 2013 mainly included interest income.

Selling and distribution expenses

Selling and distribution expenses of the Group increased approximately 36% from approximately RMB9,205,000 for the six months ended 30 June 2013 to approximately RMB12,487,000 for the six months ended 30 June 2014. This was mainly due to the commencement of the propaganda works for phase 2 of TongJingYueCheng (同景躍城) and phase 1 of XiChengFuDi (西城府邸) of the Group at the end of 2013 and in the middle of 2013 respectively. Hence, no such expense was incurred in the first half year of 2013, and this had led to a corresponding increase in the related selling and distribution expenses in the first half year of 2014.

Additional Information Required by the Listing Rules

Administrative expenses

Administrative expenses of the Group increased approximately 56% from approximately RMB10,119,000 for the six months ended 30 June 2013 to approximately RMB15,803,000 for the six months ended 30 June 2014, which was mainly due to the increase in the remuneration and professional charges of the Company after resumption of trading, and these expenses were not included in the first half year of 2013.

Fair value loss on convertible bonds

For the six months ended 30 June 2014, the Group incurred a loss of approximately RMB216,752,000 on fair value assessment of convertible bonds. As the convertible bonds in the principal amount of HK\$65,000,000 was converted into the ordinary shares of the Company on 2 April 2014, such loss was due to the non-cash accounting loss incurred as result of the change in the fair value of the convertible bonds in the principal amount of HK\$500,000,000 from 1 January 2014 to 2 April 2014 and the convertible bonds in the principal amount of HK\$435,000,000 from 2 April 2014 to 30 June 2014 respectively.

Finance costs

For the six months ended 30 June 2014, the Group incurred finance costs of approximately RMB3,212,000, which mainly comprised of the interests accrued at 2% per annum for the convertible bonds in the principal amount of HK\$435,000,000.

Loss/profit before taxation

Loss before taxation of the Group was approximately RMB167,179,000 for the six months ended 30 June 2014 and the Group incurred profit before taxation of RMB92,765,000 in the same period of last year. The Loss for the Review Period was mainly due to the loss of approximately RMB216,752,000 on fair value assessment of convertible bonds.

Additional Information Required by the Listing Rules

Taxation

For the six months ended 30 June 2014, EIT and LAT of the Group amounted to approximately RMB17,213,000 and approximately RMB22,486,000 respectively. After deducting the change in fair value of convertible bonds during the Review Period, the effective EIT tax rate in the first half year of 2014 was 35%, which was higher than the 19% in the first half year of 2013. The reason of lower effective EIT tax rate in the first half year of 2013 was mainly due to utilisation of tax losses of approximately RMB10,444,000 that was previously not recognised. Furthermore, the LAT in the first half year of 2014 was decreased by approximately RMB21,335,000 as compared with the same period of last year, which was mainly due to the higher LAT provided for the high added value as a result of higher gross profit in sales last year.

Loss/profit for the Review Period

For the six months ended 30 June 2014, the Group recorded a loss of approximately RMB206,162,000 (for the six months ended 30 June 2013: profit of approximately RMB34,452,000).

Excluding the fair value loss of approximately RMB216,752,000 from the convertible bonds, the Group would have recorded a net profit for the year of approximately RMB10,590,000 for the six months ended 30 June 2014.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group financed its operations mainly by internally generated funds and borrowings.

Cash position

As at 30 June 2014, the Group had cash and bank balances of approximately RMB75,955,000 (31 December 2013: RMB116,358,000), representing a decrease of approximately 35% from 31 December 2013.

Bank and other borrowings

As at 30 June 2014, the Group had total bank and other borrowings of approximately RMB230,000,000, including bank loans of approximately RMB140,000,000 and other loans of approximately RMB90,000,000. Among the total bank and other borrowings, approximately RMB145,000,000 is repayable within one year and approximately RMB85,000,000 is more than one year but not exceeding two years.

Additional Information Required by the Listing Rules

Convertible bonds

As at 30 June 2014, the fair value of the Group's convertible bonds in the principal amount of HK\$435,000,000 was approximately RMB812,353,000. As they are convertible bonds with a term of five years, they were classified as long-term liabilities.

Leverage

The Group had total cash and bank balances of approximately RMB75,955,000 as at 30 June 2014 (31 December 2013: approximately RMB116,358,000). Balances of bank and other borrowings and convertible bonds were approximately RMB1,042,353,000 as at 30 June 2014 (31 December 2013: approximately RMB953,247,000). The gearing ratio of the Group as at 30 June 2014, calculated as a ratio of total bank and other borrowings and convertible bonds to total assets, was approximately 79% (31 December 2013: approximately 65%). Net liabilities were approximately RMB313,261,000 (31 December 2013: net liabilities of approximately RMB194,745,000).

The Group recorded total current assets of approximately RMB1,310,313,000 as at 30 June 2014 (31 December 2013: approximately RMB1,456,999,000) and total current liabilities of approximately RMB734,835,000 (31 December 2013: approximately RMB861,664,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 1.8 as at 30 June 2014 (31 December 2013: approximately 1.7).

FOREIGN EXCHANGE EXPOSURE

Sales and purchases of the Group were transacted in Renminbi. Save for the convertible bonds in the principal amount of HK\$435,000,000 were denominated in Hong Kong dollar, most of the Group's monetary assets and liabilities were denominated in Renminbi. The directors (the "Directors") of the Company are aware that the fluctuations in exchange rate between Hong Kong dollar and Renminbi may give rise to potential foreign currency risk. The Group currently did not have a foreign currency hedging policy and will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

Additional Information Required by the Listing Rules

TREASURY POLICIES

Save for the convertible bonds in the principal amount of HK\$435,000,000 were denominated in Hong Kong dollar and bear interest at fixed rates per annum, the Group's borrowings are in Renminbi and mainly at variable interest rates. Bank balances and cash held by the Group were denominated in Renminbi and Hong Kong dollar. The Group currently did not have a foreign currency and interest rate hedging policy. However, the management of the Group monitored foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign currency and interest rate exposure should the need arise.

PLEDGE OF ASSETS

Details of the Group's pledged assets as at 30 June 2014 are set out in note 17 to the condensed consolidated financial statements.

INVESTMENT

Details of the Group's investment properties as at 30 June 2014 are set out in note 9 to the condensed consolidated financial statements.

SEGMENT INFORMATION

Details of segment information of the Group for the six months ended 30 June 2014 are set out in note 4 to the condensed consolidated financial statements.

CAPITAL COMMITMENTS

Details of capital commitments of the Group as at 30 June 2014 are set out in note 16 to the condensed consolidated financial statements.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 June 2014 are set out in note 18 to the condensed consolidated financial statements.

Additional Information Required by the Listing Rules

STAFF AND REMUNERATION POLICIES

As at 30 June 2014, the Group had about 117 employees (31 December 2013: 106 employees). The Group's total staff costs (including executive Directors' remuneration) amounted to approximately RMB8,652,000 for the six months ended 30 June 2014 (six months ended 30 June 2013: RMB5,723,000).

Employee remunerations are determined according to operating results of the Company, job requirements, market salary level and ability of individuals. The Company regularly reviews its remuneration policy and programs and makes adjustment to bring them in line with industrial level. In addition to basic salaries, the Company has established revenue sharing program and performance appraisal plan to provide rewards according to the Company's results and employees' individual performance.

SUBSEQUENT EVENTS

Details of the subsequent events of the Group for the six months ended 30 June 2014 are set out in note 21 to the condensed consolidated financial statements.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Company established an audit committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee of the Company are to review and supervise the financial reporting process and internal control system of the Group and to review the Company's interim and annual reports and financial statements. The audit committee of the Company currently comprises three independent non-executive Directors.

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2014 have been reviewed by the audit committee of the Company, and the Group's auditor, SHINEWING (HK) CPA Limited, 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.

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

During the six months end 30 June 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Additional Information Required by the Listing Rules

PROSPECT

This round of real estate industry adjustment was more on tackling the supply structure in various regions. The Group expects that the real estate regulation policy in the second half of this year will adhere to category guidance, dual-direction regulation principle, rational guidance and stabilizing market expectation. Therefore, the Group considers maintaining an appropriate proportion in supply and sales and keeping the security of stable cash flow will be the principal objectives of operation. In the second half of this year, the Group will keep on pushing real estate sales while actively seeking for high-quality real estate project to add to its reserve. On the other hand, it will make into full play the overseas and domestic platforms to raise equity financing and debt financing, and to obtain short-term, large amount and low cost funds for the future development of the Group, thereby, optimizing its financial structure and enhancing its financial security.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2014, the interests and short positions of the Directors and the chief executive of the Company in the shares (the "Shares"), underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which (i) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company; or (ii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions

Name of Director	Name of company in which interests were held	Nature of interests	Number of issued Shares held	Percentage of the issued share capital of the Company
Ji Changqun ("Mr. Ji")	The Company	Ultimate beneficial owner (Note 2)	10,143,036,404 (Note 1)	297.45%

Additional Information Required by the Listing Rules

Notes:

- (1) These Shares represent (i) 2,403,036,404 Shares held by Magnolia Wealth International Limited ("Magnolia Wealth"); (ii) 7,100,000,000 Shares to be allotted and issued to Magnolia Wealth upon the exercise in full of the conversion rights attaching to the 2% coupon convertible bonds in the principal amount of HK\$420,000,000 subscribed by Magnolia Wealth pursuant to the subscription agreement (the "Subscription Agreement") dated 21 August 2012 entered into amongst the Company, Mr. Kan Che Kin, Billy Albert ("Mr. Kan") and Magnolia Wealth. The Subscription Agreement was completed on 12 December 2013. On 23 June 2014, the Company received a deed of waiver and undertaking dated 18 June 2014 from Magnolia Wealth, in which Magnolia Wealth, (a) irrevocably and unconditionally undertake and agree to waive all rights to the interest in respect of the convertible bonds subscribed by it pursuant to the Subscription Agreement and all rights arising therefrom or in connection therewith; (b) convert the full amounts of all its convertible bonds at the last business day of conversion period and will not be entitled to have any redemption right in respect of its convertible bonds; and (iii) 640,000,000 Shares conditionally acquired from Key Fit Group Limited ("Key Fit"), a company incorporated in Hong Kong and a wholly-owned subsidiary of China LNG Group Limited ("China LNG", formerly known as Artel Solutions Group Limited). China LNG is a company incorporated in Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 931). Mr. Kan was the substantial shareholder of China LNG as of the date of this report. On 24 April 2014, the 1,600,000,000 Shares, allotted and issued to Mr. Kan upon the exercise in full of the conversion rights attaching to the convertible bonds in the principal amount of HK\$80,000,000 subscribed by Mr. Kan pursuant to the Subscription Agreement, were transferred to Key Fit. On 21 June 2014, Key Fit and Magnolia Wealth entered into the conditional transfer deed (the "Transfer Deed") in relation to the disposal of the convertible bonds in the principal amount of HK\$80,000,000 to Magnolia Wealth or its designated person(s) for a cash consideration of HK\$380,000,000. Pursuant to the Transfer Deed, Key Fit shall transfer to Magnolia Wealth or its designated person(s) a portion of its convertible bond that represents 60% of the aggregate principal amount of its convertible bonds, i.e. in a principal amount equal to HK\$48,000,000, together with all interest that corresponds to such portion of its convertible bonds, on or before 31 July 2014 (the "First Transfer") and shall transfer the remaining portion of its convertible bonds that represents 40% of the aggregate principal amount of its convertible bonds, i.e. in a principal amount equal to HK\$32,000,000, together with all interest that corresponds to such portion of the convertible bonds, on or before 31 August 2014. Magnolia Wealth designated Mr. Luo Changlin ("Mr. Luo") to take up the First Transfer on 27 June 2014.
- (2) Mr. Ji is the sole shareholder of Magnolia Wealth and is deemed to be interested in the same 10,143,036,404 Shares pursuant to the SFO.

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2014.

Additional Information Required by the Listing Rules

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors and the chief executive of the Company, as at 30 June 2014, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions

Name of shareholders	Number of issued Shares held	Percentage of the issued share capital of the Company
Magnolia Wealth	10,143,036,404 (Note 1)	297.45%
Mr. Luo	960,000,000 (Note 2)	28.15%

Notes:

- (1) These Shares represent (i) 2,403,036,404 Shares held by Magnolia Wealth; (ii) 7,100,000,000 Shares to be allotted and issued to Magnolia Wealth upon the exercise in full of the conversion rights attaching to the 2% coupon convertible bonds in the principal amount of HK\$420,000,000 subscribed by Magnolia Wealth pursuant to the Subscription Agreement dated 21 August 2012 entered into amongst the Company, Mr. Kan and Magnolia Wealth. The Subscription Agreement was completed on 12 December 2013. On 23 June 2014, the Company received a deed of waiver and undertaking dated 18 June 2014 from Magnolia Wealth, in which Magnolia Wealth, (a) irrevocably and unconditionally undertake and agree to waive all rights to the interest in respect of the convertible bonds subscribed by it pursuant to the Subscription Agreement and all rights arising therefrom or in connection therewith; (b) convert the full amounts of all its convertible bonds at the last business day of conversion period and will not be entitled to have any redemption right in respect of its convertible bonds; and (iii) 640,000,000 Shares conditionally acquired from Key Fit, a company incorporated in Hong Kong and a wholly-owned subsidiary of China LNG. China LNG is a company incorporated in Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 931). Mr. Kan was the substantial shareholder of China LNG as of the date of this report. On 24 April 2014, the 1,600,000,000 Shares, allotted and issued to Mr. Kan upon the exercise in full of the conversion rights attaching to the convertible bonds in the principal amount of HK\$80,000,000 subscribed by Mr. Kan pursuant to the Subscription Agreement, were transferred to Key Fit. On 21 June 2014, Key Fit and Magnolia Wealth entered into the conditional transfer deed ("Transfer Deed") in relation to the disposal of the convertible bonds in the principal amount of HK\$80,000,000 to Magnolia Wealth or its designated person(s) for a cash consideration of HK\$380,000,000. Pursuant to the Transfer Deed, Key Fit shall transfer to Magnolia Wealth or its designated person(s) a portion of its convertible bond that represents 60% of the aggregate principal amount of its convertible bonds, i.e. in a principal amount equal to HK\$48,000,000, together with all interest that corresponds to such portion of its convertible bonds, on or before 31 July 2014 (the "First Transfer") and shall transfer the remaining portion of its convertible bonds that represents 40% of the aggregate principal amount of its convertible bonds, i.e. in a principal amount equal to HK\$32,000,000, together with all interest that corresponds to such portion of the convertible bonds, on or before 31 August 2014. Magnolia Wealth designated Mr. Luo to take up the First Transfer on 27 June 2014.

Additional Information Required by the Listing Rules

- (2) On 27 June 2014, Magnolia Wealth designated Mr. Luo to take up 60% of the aggregate principal amount of the convertible bonds, conditionally acquired by it pursuant to the Transfer Deed on 21 June 2014, which represents rights to convert 960,000,000 Shares with a principal amount equal to HK\$48,000,000. Mr. Luo indirectly held 10% equity interest of one of the Company's subsidiaries and was a director of that subsidiary from August 2011 to December 2013 and therefore is a connected person of the Company. Subsequently on 28 July 2014, Magnolia Wealth redesignated the convertible bonds in the principal amount of HK\$63,160,000 to several independent third parties and Mr. Luo would only take up the remaining convertible bonds in the principal amount of HK\$16,840,000, representing rights to convert 336,800,000 Shares.

Save as disclosed above, no other person (other than a Director or chief executive of the Company) had any interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 30 June 2014.

NON-COMPETITION UNDERTAKING WITH MR. JI AND MAGNOLIA WEALTH

The Company entered into a non-competition undertaking with Mr. Ji and Magnolia Wealth on 25 October 2013 (the "Non-Competition Undertaking") so as to maintain a clear delineation of the respective businesses of each party as set out in pages 228 to 231 of the Circular. The Company has received written declarations on their compliance with the undertaking under the Non-Competition Undertaking from Mr. Ji and Magnolia Wealth during the period ended 30 June 2014. Based on the confirmations received from Mr. Ji and Magnolia Wealth and after review, our independent non-executive Directors considered that Mr. Ji and Magnolia Wealth had complied with the terms set out in the Non-Competition Undertaking during the period ended 30 June 2014.

Other than as disclosed above, none of our Directors had any interest in any business which competes with our Group's business during the period ended 30 June 2014.

Additional Information Required by the Listing Rules

CORPORATE GOVERNANCE CODE

The Company has complied with the Code Provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the Review Period except for the following deviations:

1. Code Provision A.2.1

Under the Code Provision A.2.1, the roles of chairman and chief executive officer should be separate. During the Review Period, the positions of chairman and chief executive officer of the Company ("CEO") were held by Mr. Ji. The board (the "Board") of Directors believed that holding of both positions of chairman and CEO by the same person allowed more effective planning and execution of business strategies. The Board has full confidence in Mr. Ji and believes that his dual roles will be beneficial to the Group.

2. Code Provision A.4.1

Non-executive Directors should be appointed for specific term, subject to re-election. The independent non-executive Directors were not appointed for a specific term, but they were subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company at least once every three years.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standards as set out in the Model Code throughout the Review Period.

By Order of the Board

Ji Changqun

Chairman

Hong Kong, 28 August 2014

As at the date of this report, the Board consists of Mr. Ji Changqun, Mr. Shi Zhiqiang, Mr. Zhou Yanwei and Mr. Eddie Hurip as executive Directors; Mr. Lau Chi Keung, Mr. Chow Siu Lui and Mr. Tsang Sai Chung as independent non-executive Directors.