



佳兆業集團控股有限公司*
KAISA GROUP HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1638

BRING YOU JOYFUL LIVING

INTERIM REPORT 2013



* For identification purposes only

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. KWOK Ying Shing (*chairman*)
Mr. KWOK Ying Chi
Mr. SUN Yuenan
Dr. TAM Lai Ling
Mr. CHEN Gengxian
Mr. JIN Zhigang

Independent Non-Executive Directors

Mr. RAO Yong
Mr. ZHANG Yizhao
Mr. FOK Hei Yu

AUDIT COMMITTEE

Mr. RAO Yong (*chairman*)
Mr. ZHANG Yizhao
Mr. FOK Hei Yu

REMUNERATION COMMITTEE

Mr. FOK Hei Yu (*chairman*)
Mr. KWOK Ying Shing
Mr. RAO Yong
Mr. ZHANG Yizhao

NOMINATION COMMITTEE

Mr. KWOK Ying Shing (*chairman*)
Mr. RAO Yong
Mr. ZHANG Yizhao
Mr. FOK Hei Yu

AUTHORIZED REPRESENTATIVES

Mr. KWOK Ying Shing
Mr. CHEUNG Hung Kwong

COMPANY SECRETARY

Mr. CHEUNG Hung Kwong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS IN THE PRC

Room 3306, Kerry Center
Ren Min Nan Road
Luohu
Shenzhen
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2001
20th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

PRINCIPAL BANKERS

Bank of China Limited
China Construction Bank Corporation
Industrial and Commercial Bank of China (Asia) Limited
Industrial and Commercial Bank of China Limited
Agricultural Bank of China

LEGAL ADVISERS

As to Hong Kong law and U.S. law:

Sidley Austin

As to PRC law:

King & Wood Mallesons

As to Cayman Islands law:

Conyers Dill & Pearman

Harney Westwood & Riegels

AUDITOR

PricewaterhouseCoopers

LISTING INFORMATION

Share Listing

The Company's ordinary shares are listed on
the Main Board of The Stock Exchange of
Hong Kong Limited
(Stock Code: 1638.HK)

WEBSITE

<http://www.kaisagroup.com>

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) of Kaisa Group Holdings Ltd. (the “**Company**”, together with its subsidiaries referred to as the “**Group**”), I am pleased to present the interim results of the Group for the six months period ended 30 June 2013 (the “**Period**”).

For the Period under review, the Group's turnover and gross profit reached approximately RMB7,016.1 million and RMB2,555.5 million, representing an increase of approximately 205.0% and 130.5% over the corresponding period of last year, respectively. Profit attributable to shareholders and basic earnings per share amounted to approximately RMB1,024.6 million and RMB20.9 cents, representing an increase of approximately 51.8% and 51.4% as compared to the corresponding period of last year, respectively.

BUSINESS REVIEW

For the first half of 2013, the Central Government (the “**Central Government**”) of the People's Republic of China (the “**PRC**”) continued its stance to curb housing price. On 20 February, 2013, the State Council issued the “Five National Measures” on the real estate sector, including, holding local governments responsible for reining in housing price in their respective jurisdictions, strict implementation of the capital gain tax and home purchase restrictions, and increase in the mortgage down payment for the non-first-time home purchase. Largely due to the release of pent-up demand, despite the new measures, the average home price continued in its 13 straight months rise in the second quarter since mid-2012, albeit at a slower pace after the announcement, according to data compiled by China Real Estate Index System (“**CREIS**”).

The international capital market continued to improve in the first quarter of 2013 but encountered a sharp downturn in May 2013 after speculations on the earlier than expected ending of the quantitative easing program in the United States. The domestic banking environment also faced a mini-crisis on liquidity in June 2013, with overnight inter-bank lending rate soared to a record-high of 13.44% as the PBOC refused to inject liquidity into the system for demonstrating their commitments on prudent monetary policy.

During the Period under review, the Group successfully executed a rapid asset-turnover business model to capture the robust mass market housing demand. The Group achieved approximately RMB11.0 billion of contracted sales, representing an increase of 70.7% year-on-year of which approximately 32.8% was contributed from projects in Shenzhen. In July 2013, Kaisa was ranked 23rd in terms of gross floor area (“**GFA**”) sold according to “Top 50 Real Estate Enterprise Property Developers by Sales in the first half of 2013” jointly compiled and issued by China Real Estate Information Corporation (NASDAQ: CRIC; “**CRIC**”) and China Real Estate Appraisal Center, and was ranked 3rd both in terms of GFA sold and number of units sold in Shenzhen according to the statistics compiled by CRIC.

Kaisa also named the “Best Mid Cap” in China and was ranked 8th in the category of the “Best investor relations” in China by Finance Asia. The Group successfully launched Chengdu Kaisa Mansion No. 8 in Western Region, Hangzhou Jade Dragon Court and Shanghai Xiangyi Garden (also known as “Shanghai Kaisa Mansion No. 8”) in the Yangtze River Delta, and Shenzhen Dapeng Kaisa Peninsula Resort in the Pearl River Delta, further solidifying the Group's nationwide presence. On a rolling-twelve-month basis, Kaisa managed to achieve a sell-through rate of 70.7% as at 30 June 2013.

With respect to our land acquisitions, we continue to focus on end-user market. Since late 2011, the Group has begun to re-focus on the opportunities in tier-one cities and provincial capitals. For the Period under review, the Group entered into various agreements for land purchase for a total consideration of RMB8.7 billion, with 91.3% located in tier-one cities and provincial capitals. As a result of our efforts to achieve a more balanced land bank portfolio, approximately 27.5% of our land bank was located in tier-one cities and provincial capitals as at 30 June 2013, as compared to 24.4% as at end of 2012. The above land acquisitions will not only allow the Group to accumulate sufficient saleable resources to support its business expansion, but also consolidate its market position in the future. We plan to launch phase one of most of the above projects in 2014.

For the Period under review, our urban redevelopment projects contributed significantly to the Group's contracted sales. In December 2012, we launched Phase 1 of Shenzhen Kaisa City Plaza, the largest residential and commercial complex and urban redevelopment project ever undertaken in Shenzhen. This project has accounted for approximately 21.5% of our contracted sales for the Period under review. In June 2013, we launched the Shenzhen Dapeng project with 96.2% of the units within the size of 80 sq.m. in order to capture the end-user demand in Shenzhen. Significant progress has been made in our other urban redevelopment projects in Shenzhen and Guangzhou.

In May 2013, we acquired two land parcels in the Baiyun District of Guangzhou. Such land acquisitions will not only enable the Group to achieve synergy with our existing urban redevelopment projects located in the same district, but also further enhance our brand and consolidate our leading market position in the Pearl River Delta.

The above launches, together with our urban redevelopment project pipeline, will also provide the Group with considerable saleable resources to sustain its growth in the medium term and improve its profitability going forward.

DEVELOPMENT AND FINANCING STRATEGIES

The Group will continue to adopt a flexible yet prudent policy to cope with market and policy changes, including making appropriate adjustments in future development plans, product mix, capital structure, sales and marketing strategies in accordance with the prevailing market conditions and product demand indifferent markets.

We have been taking a proactive approach in managing our liabilities since the second half of 2012. Taking advantage of the liquidity in the capital market, on 8 January 2013, the Company successfully issued US\$500 million 10.25% senior notes due 2020 to refinance the exchangeable term loan and the senior bonds due in 2014 with an aggregate principal amount of approximately RMB2.8 billion. On 19 March 2013, the Company successfully issued US\$550 million 8.875% senior notes due 2018 to partially refinance the senior notes due 2015, with an outstanding principal amount of USD648 million, and for general corporate use. On 22 April 2013, the Company successfully issued RMB1.8 billion 6.875% senior notes due 2016 to refinance the remaining balance of the senior notes due 2015. All of the above three transactions received overwhelming interest from international fund managers and were over-subscribed by more than 10 times. Through these transactions, we managed to extend our debt maturity profile, and reduce our funding cost substantially. The successful refinancing of our offshore debts has also granted the Company with more flexibility for its business expansion.

INVESTOR RELATIONS

The Company strives to achieve a high standard of corporate governance and high degree of corporate transparency, and is devoted to maintaining a timely and effective communication with its shareholders and investors through various means. In addition to the regulatory filings and announcements, through monthly newsletters, communication with media, investor conference, site visits and reverse road show, the Group strives to keep shareholders and investors well informed of its latest development including business strategies, sales performance, operation and financial condition. The Group values input from investors, bond holders and shareholders, and through various channels to collect their views.

PROSPECTS

The optimism in the global financial market in the first quarter was sharply reversed due to the speculation on the earlier than expected ending of the quantitative easing program in the United States. The Group took the opportunity during the first quarter of 2013 to refinance its offshore senior notes, and such refinancing received overwhelming response from international investors. The Group will continue to monitor the market to explore the opportunities to secure lower cost financing, and improve its capital structure.

Recent Chinese economic data, including gross domestic product index, has underlined China's economy's weakness and raised concerns about a deeper slow down in the rest of the year, notwithstanding the consumer price index figures are showing good sign of control of inflation, allowing flexibility for the Central Government to step up policy fine-tuning to support China's economy, and to structurally reform China's economic growth pattern to ensure a more balanced and sustainable development in the future. While it is generally expected that the overall policy stance on the Chinese property sector will remain firm in the near to medium term, the new Chinese administration has reiterated its commitment to urbanization and encouragement of home ownership for the first time buyers. As such, we believe that property price and transaction volume will stabilize going forward, in particular in the end-user market segment.

With Qianhai of Shenzhen being designated as a new financial service hub of China with preferential policies, Shenzhen has entered into a new epoch of its history. Capitalizing its project pipeline on urban redevelopment projects in Shenzhen, and over 9 million sq.m. of land bank in the Pearl River Delta, the Group is well positioned to capture the housing demand generated from the new opportunities arising. While we will continue to leverage our brand and our expertise to unlock the value of our pipeline for redevelopment projects, we will continue to implement the asset turnover business model to seize the growing end-user mass market driven by urbanization, aiming to become a national leader in the property sector.

ACKNOWLEDGEMENT

Thanks to the enormous support from all of our stakeholders and the ardent efforts of all our staff members who have made in valuable contributions during the period, the Group has been growing at a steady pace. On behalf of the Board, I would like to take this opportunity to express my wholehearted gratitude to all the shareholders of the Company, investors, business partners and customers for their trust and support. Upholding the spirit enshrined in our motto "Kaisa, bring you joyful living", we will make every endeavor to maximise values and generate the greatest returns for our shareholders and investors.

KWOK Ying Shing

Chairman

Hong Kong, 15 August 2013

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

Despite the Central Government's stance remained firm on the housing sector and continued to roll-out policy, the Group still achieved its record of contracted sales during the Period. For the first half of 2013, the Group's contracted sales and the GFA amounted to approximately RMB11.0 billion and 1,191,141 sq.m., representing growth of 70.7% and 8.0% year-on-year, respectively. Contracted average sale price (the "ASP") increased by 58.0% year-on-year to RMB9,253 per sq.m. For the Period under review, the Group launched an aggregate GFA of approximately 1.3 million sq.m., and planned to launch another approximately 2.3 million sq.m. of GFA in the second half of 2013. According to "Top 50 Real Estate Enterprise Property Developers by Sales in the first half of 2013" compiled and issued by China Real Estate Information Corporation, Kaisa was ranked 23rd nationwide in terms of GFA sold, affirming the Group's market position and brand reputation. The table below shows the Group's contracted sales by region in the first half of 2013:

Region	Number of projects	Contracted sales area sq.m.	Contracted sales amount RMB in millions
Pearl River Delta (ex-Shenzhen)	10	245,524	2,367.4
Shenzhen	4	166,093	3,610.3
Yangtze River Delta	10	101,682	948.3
Western China	6	281,314	1,855.3
Central China	3	227,043	1,299.3
Pan-Bohai Bay Rim	7	169,485	940.9
Total	40	1,191,141	11,021.5

During the Period, the Group recorded a turnover of RMB7,016.1 million, representing an increase of 205.0% as compared to the corresponding period in 2012. Profit attributable to equity holders amounted to RMB1,024.6 million, representing an increase of 51.8% as compared to the corresponding period in 2012. The Group's net profit for the Period excluding one-off prepayment expenses of offshore debts, exchange difference, change in fair values of financial derivatives and of investment properties net of corresponding deferred taxes, amounted to RMB1,092.7 million, representing an increase of 195.1% as compared to the corresponding period in 2012. Basic earnings per share was RMB20.9 cents, representing an increase of 51.4% as compared to the corresponding period in 2012. The Board does not recommend the payment of interim dividends for the Period.

PROPERTY DEVELOPMENT

1. Projects completed in the Period

The Group adopts a strict and prudent practice in project development and adjusts its pace of business expansion as and when appropriate. During the Period, the GFA of newly completed projects of the Group amounted to approximately 827,000 sq.m.

2. Projects under development

As at 30 June 2013, the Group had 36 projects under development concurrently with an aggregate of GFA of approximately 8.4 million sq.m.

3. Property management

The Group also provides property management service to its own development. During the Period under review, the Group managed a total floor area of approximately 8.4 million sq.m., equivalent to 67,588 units. In June 2013, Kaisa was ranked 15th in “2013 China Top 100 Property Management Companies” jointly compiled by China Index Research Institute and China Real Estate Top 10 Research Team. Building on its national recognition, the Group’s property management arm is striving to deliver excellent and professional service to its customers so as to further enhance its brand and corporate image.

4. Investment properties

The Group adopts a diversified business strategy, characterized by its increase in property investment. The portfolio of investment properties will generate steady and reliable income, and enlarge the overall income base of the Group. The Group develops commercial properties such as office buildings, retail stores and car parks for leasing purpose. In managing its investment property portfolio, the Group takes into account the long-term growth potential, the overall market conditions, and its cash flows and financial condition. As at 30 June 2013, the Group held an aggregate GFA of 87,567 sq.m. completed investment properties for rental purpose.

LAND BANK

It remains an ongoing effort of the Group to expand its land reserve to implement the business strategy of rapid turnover model. Since late 2011, the Group started to re-focus the opportunities in tier-one cities and provincial capitals with a focus on end-user mass market, enabling the Group to be less susceptible to policy risk while achieving a more balanced property portfolio. For the first half of 2013, we purchased a total of 14 land parcels or related interests through government-held public tenders, auctions or listing-for-sale. The aggregate consideration for the land acquisitions was approximately RMB8,653.3 million, with an average land cost per total planned GFA of approximately RMB6,935 per sq.m. The total planned GFA per maximum allowed plot ratio attributable to the Group is up to approximately 1,247,786 sq.m. In terms of GFA, 27.5% of the land bank is located in tier-one and tier-two cities. As at 30 June 2013, the Group had a total land bank of approximately 24.8 million sq.m., which is sufficient for the Group's development needs for the next five years. The table below set forth detailed information of these land acquisitions:

Month of acquisition	Location	Attributable interest (%)	Site area (sq.m.)/(No. of land parcel)	Attributable GFA per maximum allowed plot ratio (sq.m)	Consideration (RMB in millions)	Type
February 2013	Hangzhou	100%	36,595/(1)	73,190	466.0	Residential
February 2013	Qingdao	100%	206,879/(3)	273,420	370.8	Residential
February 2013	Nanchong	100%	67,942/(1)	156,267	305.7	Residential
March 2013	Dongguan	100%	33,910/(1)	84,775	450.1	Residential
April 2013	Chengdu	100%	51,256/(1)	143,516	509.5	Residential
April 2013	Wuhan	100%	40,390/(1)	116,323	439.0	Residential
May 2013	Guangzhou	100%	65,627/(1)	72,966	1,867.7	Residential
May 2013	Shenzhen	11.5%	14,411/(1)	16,306	405.0	Commercial
May 2013	Shanghai	100%	11,088/(1)	49,896	1,505.0	Commercial
May 2013	Hangzhou	100%	75,214/(1)	142,907	1,010.0	Residential
May 2013	Guangzhou	100%	19,671/(1)	35,479	798.7	Residential
June 2013	Shanghai	100%	48,387/(1)	82,741	525.8	Residential
Total			671,370/(14)	1,247,786	8,653.3	

OUTLOOK

The Group is well positioned for a challenging operating environment in the second half of 2013. Though the overall policy stance on the property sector is expected to remain prudent in the near term, the Central Government has pledged to support demand driven by first time home owners. Nonetheless, growth of the Chinese economy is still one of the fastest globally, coupled with the long-term policy of urbanization, we remain optimistic about the prospect of China's real estate sector. In the interim, the Group continues to focus on realizing the value from its redevelopment project pipeline, while remaining committed to delivering a rapid asset-turnover business model, further enhancing the product quality and capitalizing its branding, with an aim to maximizing returns to the shareholders of the Company.

FINANCIAL REVIEW

Revenue

Revenue of the Group primarily comprises the (i) sales proceeds from the sale of properties including completed properties held for sale and properties under development, (ii) gross recurring revenue received and receivable from investment properties and (iii) property management fee income. The revenue is primarily generated from its four business segments: property development, property investment, property management, and hotel and catering. The revenue increased by RMB4,715.9 million, or 205.0%, to approximately RMB7,016.1 million in the Period from approximately RMB2,300.2 million for the corresponding period in 2012, mainly attributable to the increase in recognised property sales. For the Period, the revenue generated from property development, property investment, property management, and hotel and catering was approximately RMB6,833.9 million, RMB87.8 million, RMB70.5 million and RMB23.9 million, respectively.

Sales of properties

Revenue from sales of properties increased by RMB4,678.8 million, or 217.1%, to RMB6,833.9 million in the Period from RMB2,155.1 million for the corresponding period in 2012. The increase was primarily attributable to an increase in the total GFA delivered from approximately 283,362 sq.m. for the corresponding period in 2012 to approximately 997,124 sq.m. in the Period.

Rental income

Revenue from rental income remained fairly stable for the Period as compared to corresponding period in 2012.

Property management service

Revenue from property management service increased by RMB12.7 million, or 21.9%, to RMB70.5 million in the Period from RMB57.8 million for the corresponding period in 2012. This increase was primarily attributable to the increased GFA under property management.

Gross profit

The Group's gross profit increased by RMB1,446.9 million, or 130.5%, to RMB2,555.5 million in the Period from RMB1,108.6 million for the corresponding period in 2012, mainly attributable to the increase in recognised property sales. The gross profit margin decreased to 36.4% from 48.2% for the corresponding period in 2012, mainly explained by the increase in cost of sales of properties (excluding business tax) per sq.m., from approximately RMB3,658 for the corresponding period in 2012 to approximately RMB4,128 in the Period.

Selling and marketing costs

The Group's selling and marketing costs increased by RMB124.7 million, or 53.7%, to RMB356.7 million in the Period from RMB232.0 million for the corresponding period in 2012. The increase in selling and marketing costs was in line with contracted sales.

Administrative expenses

The Group's administrative expenses increased by RMB123.4 million, or 43.7%, to RMB406.2 million in the Period from RMB282.7 million for the corresponding period in 2012. The increase was primarily attributable to the increase in staff costs and operating expenses resulting from the Group's business expansion.

Change in fair value of investment properties

The increase in fair value of the Group's investment properties for the Period was primarily attributable to the appreciated fair value of the Group's investment properties in Shenzhen Kaisa Global Center, Guangzhou Jinmao and Huizhou Kaisa Center Phase 2.

Finance costs – net

The Group's net finance costs increased by RMB362.8 million, or 1,476.8%, to RMB387.4 million in the Period from RMB24.6 million for the corresponding period in 2012. The increase in net finance cost is primarily attributable to the one-off prepayment expenses of the Group's offshore debts, of RMB521.0 million, offset by an exchange gain mainly arising from the U.S. dollar denominated offshore financing as a result of fluctuation of the Renminbi against the U.S. dollar, of RMB166.7 million recorded in the Period.

Income tax expenses

The Group income tax expenses increased by RMB419.3 million, or approximately 123.1%, to RMB759.8 million in the Period from RMB340.5 million for the corresponding period in 2012. The increase was primarily attributable to the increase in operating profit for the Period.

Profit for the Period

As a result of the factors described above, the Group's profit for the Period increased by RMB330.7 million, or 49.1%, to RMB1,004.4 million in the Period from RMB673.6 million for the corresponding period in 2012. The net profit margin was 14.3% for the Period and 29.3% for the corresponding period in 2012. The Group's net profit excluding one-off prepayment expenses of offshore debts, exchange difference, change in fair value of finance derivatives and investment properties, net of deferred tax for the Period and the corresponding period in 2012 was RMB1,092.7 million and RMB370.3 million, respectively, resulting in corresponding net profit margin excluding one-off prepayment expenses of offshore debts, exchange difference, change in fair value of financial derivatives and investment properties, net of deferred tax of 15.6% and 16.1% for the Period and the corresponding period in 2012, respectively.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**Cash position**

As at 30 June 2013, the carrying amount of the Group's cash and bank deposits was approximately RMB6,174.7 million (31 December 2012: RMB5,352.3 million), representing a increase of 15.4% as compared to that as at 31 December 2012. Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sales proceeds to designated bank accounts as collateral for the construction loans. Such collateral will be released after the completion of the pre-sales properties or the issuance of the title of the properties, whichever is the earlier. Additionally, as at 30 June 2013, certain of the Group's cash was deposited in certain banks as collateral for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The aggregate of the above collaterals amounted to approximately RMB577.4 million as at 30 June 2013.

Senior notes

On 28 April 2010, the Company issued US\$350 million 13.5% senior notes due 2015 for the purpose of debt prepayment, financing property projects and general corporate use. On 14 June 2011, the Company issued additional US\$300 million 13.5% senior notes due 2015 (collectively, the "Senior Notes") for the purpose of financing new land bank in the PRC and real estate projects. The Senior Notes were fully redeemed during the Period.

Convertible bonds

On 20 December 2010, the Company issued RMB1.5 billion USD settled 8% convertible bonds due 2015 (the "Convertible Bonds") for the purpose of financing the acquisition of new land bank in the PRC and the Group's real estate projects. The initial conversion price is HK\$2.82 per share.

Senior bonds

On 15 March 2011, the Company issued RMB2.0 billion USD settled 8.5% senior secured guaranteed bonds due 2014 (the “**Bonds**”) for the purpose of financing new land bank in the PRC and real estate projects. The Bonds was fully redeemed in January 2013.

Exchangeable term loan

To refinance the Group’s trust loans and to finance the Group’s property projects, on 23 May 2012, the Company entered into a facility agreement with PA International Opportunity VI Limited, as the lender, for an exchangeable term loan in the aggregate principal amount of US\$120.0 million at an annual interest rate of 13.5% with a tenor of 27 months (the “**Exchangeable Term Loan**”), and a call option deed with the lender as the grantee. Upon exercise of the call option, the lender will become a minority shareholder of Fenglong Group Co. Ltd., currently a wholly owned subsidiary of the Group. The Exchangeable Term Loan was fully drawn down as at 30 June 2012 and subsequently fully prepaid in January 2013.

Senior notes due 2017

On 18 September 2012, the Company issued US\$250 million 12.875% senior notes due 2017 (the “**Senior Notes 2012**”) for the purpose of funding our existing and new property projects and refinancing our existing indebtedness and general corporate use.

Senior notes due 2020

On 8 January 2013, the Company issued US\$500 million 10.25% senior notes due 2020 (the “**Senior Notes January 2013**”) for the purpose of refinancing our Exchangeable Term Loan and Bonds and general corporate use.

Senior notes due 2018

On 19 March 2013, the Company issued US\$550 million 8.875% senior notes due 2018 (the “**Senior Notes March 2013**”) for the purpose of partial refinancing our Senior Notes and general corporate use.

Senior notes due 2016

On 22 April 2013, the Company issued RMB1.8 billion 6.875% senior notes due 2016 (the “**Senior Notes April 2013**”) for the purpose of refinancing the remaining balance of our Senior Notes and general corporate use.

Borrowings and charges on the Group’s assets

As at June 30, 2013, the Group had aggregate borrowings of approximately RMB19,600.2 million, of which approximately RMB3,657.3 million will be repayable within 1 year, approximately RMB12,135.4 million will be repayable between 2 and 5 years and approximately RMB3,807.5 million will be repayable over 5 years. As at 30 June 2013, the Group’s bank loans of approximately RMB4,536.3 million were secured by plant and equipment, land use rights, investment properties, properties under development and completed properties held for sale of the Group with total carrying values of approximately RMB10,645.5 million. The carrying amounts of all the Group’s bank loans and Senior Notes April 2013 are denominated in RMB except for the Senior Notes 2012, Senior Notes January 2013 and Senior Notes March 2013 with an aggregate carrying value of RMB8,179.6 million, the Convertible Bonds with a carrying value of RMB1,349.7 million and other offshore banking facilities with a carrying value of RMB913.2 million as at 30 June 2013 which were denominated in USD. The Senior Notes 2012, Senior Notes January 2013, Senior Notes March 2013, Senior Notes April 2013 and the Convertible Bonds are secured by the share pledge of certain of the Group’s subsidiaries incorporated outside of the PRC, and joint and several guarantees given by certain subsidiary companies of the Group. The Group’s domestic bank loans carried a floating interest rate linking up with the base lending rate of the People’s Bank of China. Our interest rate risk is mainly from the floating interest rate of domestic bank loans.

Gearing

As at 30 June 2013, the Group's net debts (total borrowings net of cash and cash equivalent and restricted cash) over total equity was 82.4% (31 December 2012: 66.8%). The Group's net current assets increased by 15.8% from RMB20,397.0 million as at 31 December 2012 to RMB23,622.0 million as at 30 June 2013, and the current ratio decreased from 1.7 times as at 31 December 2012 to 1.6 times as at 30 June 2013.

Cost of borrowings

For the Period under review, the Group's total cost of borrowings was RMB1,633.0 million, representing an increase of RMB827.4 million or 102.7% as compared to the corresponding period in 2012. The increase was primarily attributable to the one-off management expenses of the Group's offshore debts of RMB521.0 million recorded in the Period and the higher average debt balance in the Period as compared to that in 2012.

Foreign currency risks

The Group's property development projects are all located in China and most of the related transactions are settled in RMB. The Company and certain of the Group's intermediate holding companies operate in Hong Kong have recognized assets and liabilities in currencies other than RMB. As at 30 June 2013, the Group had cash balances denominated in USD of approximately US\$4.0 million, and in HK dollar of approximately HK\$282.1 million, the Senior Notes 2012, Senior Notes January 2013 and Senior Notes March 2013 in USD with an aggregate carrying value of US\$1,323.8 million, and other offshore banking facilities with a carrying value of US\$147.8 million which are subject to foreign currency exposure. The Group does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Financial guarantees

As at 30 June 2013, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to our customers amounting to approximately RMB9,644.4 million (31 December 2012: approximately RMB6,786.2 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by a purchaser, we would be responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchaser to the bank, but we would be entitled to assume legal title to and possession of the related property. These guarantees will be released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgage property and the completion of the deregistration of the mortgage.

Material acquisitions and disposals of assets

During the Period under review, the Group did not have any material acquisitions and disposals of assets.

Employees and remuneration policy

As at 30 June 2013, the Group had approximately 9,480 employees (31 December 2012: approximately 8,656 employees). The remuneration of employees was based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. In addition to basic salaries, employees may be offered with discretionary bonus and cash awards based on individual performance.

PROJECT PORTFOLIO

AS AT 30 JUNE 2013

NO.	Project	Address	Location	Type ⁽¹⁾
The Pearl River Delta Region				
1	Shenzhen Woodland Height ⁽⁶⁾	Junction of Shenhui Road and Lilang Road, Buji Town, Longgang District	Shenzhen	Residential
2	Shenzhen Mocha Town	Busha Road, Longgang District	Shenzhen	Residential
3	Shenzhen Kaisa Center ⁽²⁾⁽⁶⁾	East of Shangbu Nan Road and North of Nanyuan Road, Futian District	Shenzhen	Residential
4	Shenzhen Lake View Place	Junction of Xincheng Road and Pingxi Road, Longgang District	Shenzhen	Residential
5	Shenzhen Xiangrui Garden	North of Beihuan Highway, Nanshan District	Shenzhen	Residential
6	Shenzhen Mingcui Garden	Ping'an Avenue, Liang'antian Community, Pinghu Street, Longgang District	Shenzhen	Residential
7	Shenzhen Jincui Garden	Cuizhu Road, Luohu District	Shenzhen	Residential
8	Shenzhen Shangpin Garden	Bantian Community, Bantian Street, Longgang District	Shenzhen	Residential
9	Shenzhen Kaisa Global Center ⁽⁸⁾	Shennan Avenue, Futian District	Shenzhen	Commercial
10	Shenzhen Metro City ⁽²⁾	Buji Station, Shenhui Road, Nanmendun, Buji Town, Longgang District	Shenzhen	Residential
11	Shenzhen Kaisa City Plaza	Banxuegang Avenue, Longgang District	Shenzhen	Residential
12	Shenzhen Kaisa Metropolitan Homeland ⁽²⁾	Mumianwan Station, Longgang Avenue, Buji, Longgang District	Shenzhen	Residential
13	Shenzhen Dapeng Project	Yingbin Road, Dapeng District	Shenzhen	Commercial
14	Guangzhou Jinmao ⁽²⁾⁽⁷⁾	No. 191 Tiyu West Road, Tianhe District	Guangzhou	Commercial
15	Guangzhou Kaisa Plaza	No. 78 Huangpu Avenue West, Zhujiang New Town, Tianhe District	Guangzhou	Commercial
16	Guangzhou Monarch Residence	No. 99 Jiangnan Avenue Central, Haizhu District	Guangzhou	Residential
17	Guangzhou Tianhe Project	No. 555 Huangpu Avenue, Financial Center, Tianhe District	Guangzhou	Residential
18	Guangzhou Tongbao Project ⁽³⁾	Tongbao Road, Guangzhou Avenue North, Baiyun District	Guangzhou	Residential
19	Guangzhou Shatai Project ⁽³⁾	Lot No. 20, Meihua Garden, Shatai Road, Baiyun District	Guangzhou	Residential
20	Foshan Shunde Kaisa Mocha Town	Lot No. 1, South of the Central District, Xingtian Town, Shunde District	Foshan	Residential
21	Foshan Shunde Kaisa Shangpin Garden	Linshang North Road, Beijiao New Town, Shunde District	Foshan	Residential
22	Foshan Shunde Kaisa Golden World	West of Waihuang Road, Ronggui Town, Shunde District	Foshan	Residential
23	Dongguan Zhongyang Haomen	Longsheng Road, Xincheng District, Shilong Town	Dongguan	Residential
24	Dongguan Dongjiang Haomen	South of Dongjiang Road, Yangwu Village and Qishi Village, Qishi Town	Dongguan	Residential
25	Dongguan Shui'an Haomen	Fengshen Avenue, Fenggang Town	Dongguan	Residential
26	Dongguan Dijingwan	Jinshawan Square, Xincheng District, Shilong Town	Dongguan	Residential
27	Dongguan Le Grand Bleu	Xinwei Village Group, Qisha Village, Shatian Town	Dongguan	Residential

Project Portfolio (continued)

Project Phase	Site Area (sq.m.)	Total GFA (sq.m.)	Completed Properties (sq.m.)	Total GFA		Interest Attributable to us
				Properties under Development (sq.m.)	Properties held for Future Development (sq.m.)	
1-8	160,514	580,135	580,135	–	–	100%
1-7	185,724	735,299	735,299	–	–	100%
–	5,966	98,241	98,241	–	–	100%
1-5	182,064	388,626	388,626	–	–	100%
–	57,984	143,796	143,796	–	–	100%
1-4	102,439	394,663	394,663	–	–	100%
–	9,066	105,830	105,830	–	–	100%
–	45,829	231,572	231,572	–	–	100%
–	14,411	142,000	–	–	142,000	100%
–	5,241	124,479	124,479	–	–	100%
1-3	179,642	973,600	–	253,800	719,800	80%
–	19,393	96,941	–	96,941	–	100%
1-2	48,256	186,216	–	186,216	–	100%
–	14,192	233,322	233,322	–	–	100%
–	7,106	117,522	117,522	–	–	100%
–	7,707	56,666	56,666	–	–	100%
–	15,178	45,534	–	–	45,534	51%
–	65,627	72,966	–	–	72,966	100%
–	19,671	35,479	–	–	35,479	100%
1-2	71,200	234,422	234,422	–	–	100%
–	32,819	98,021	98,021	–	–	100%
1-4	197,584	493,961	–	337,919	156,042	100%
1-4	82,742	377,480	270,997	106,483	–	100%
1-3	86,324	243,296	96,270	147,026	–	100%
1-2	70,734	200,386	107,281	93,105	–	80%
–	46,474	155,432	155,432	–	–	100%
1-5	239,050	525,934	–	–	525,934	100%

Project Portfolio (continued)

NO.	Project	Address	Location	Type ⁽¹⁾
28	Dongguan Oasis Town	Junction of Huancheng Road and Green Road, Xiping Community, Nancheng District	Dongguan	Residential
29	Dongguan Yulongshan Garden	Jinzhou Community, Humen Town	Dongguan	Residential
30	Huizhou Jincheng Heights	Gutang' ao Miaozaikeng	Huizhou	Residential
31	Huizhou Kaisa Center ⁽⁶⁾⁽⁸⁾	No. 18 Sub-district, Jiangbei, Huicheng District	Huizhou	Commercial
32	Huizhou Yuan Zhou Project ⁽⁴⁾	Tanjiao Section, Liangwu Gaotou Village, Yuanzhou Town, Boluo County	Huizhou	Residential
33	Huizhou Riverbank New Town ⁽³⁾	Jiangan Section, Cuimeiyuan Village Committee, Hengkeng, Luoyang Town, Boluo County	Huizhou	Residential
34	Zhuhai Lake View Waldorf Garden	Shangsha Street, Wanzai, Xiangzhou District	Zhuhai	Residential
35	Zhuhai Golden World	North of Huangyang Avenue, South of Wangbao Reservoir, Jintaisi, Doumen Town, Doumen District	Zhuhai	Residential
The Western China Region				
36	Chengdu Kaisa Monarch Residence	Erjiangsi Village, Huayang Town, Shuangliu County	Chengdu	Residential
37	Chengdu Lijing Harbour	Group 1 and 2, Huafeng Village, Yongquan Street, Wenjiang District	Chengdu	Residential
38	Chengdu Modern Town	Yingchunqiao, Dongsheng Sub-district Office, Shuangliu County	Chengdu	Commercial
39	Chengdu Kaisa Mansion No.8	Sanzhiqu South Area, Dongsheng Street, Shuangliu County	Chengdu	Residential
40	Chengdu Kaisa City Plaza ⁽³⁾	Group 1 and 2, Machang Village, Wenjia Street Office, Qingyang District	Chengdu	Residential
41	Nanchong Kaisa Plaza	No. 39, Zhengyang East Road, Shunqing District	Nanchong	Residential
42	Nanchong Monarch Residence ⁽³⁾	No. 308, Baituba Road, Shunqing District	Nanchong	Residential
43	Chongqing Banan Longzhouwan Project	Longzhouwan Street, Banan District	Chongqing	Residential
The Pan-Bohai Bay Rim				
44	Shenyang Kaisa Center ⁽⁸⁾	East of Qingnian Avenue, Shenhe District	Shenyang	Commercial
45	Yingkou Dragon Bay ⁽³⁾	Junction of Xinxin Road and Bohai Street, Laobian District	Yingkou	Residential
46	Yingkou Monarch Residence ⁽³⁾	West of Xuefu Road, East of Shifu Road, South of New Donghai Street, Laobian District	Yingkou	Residential
47	Anshan Lake View Waldorf ⁽³⁾	Shengli Bei Road, Lishan District	Anshan	Residential
48	Anshan Monarch Residence ⁽³⁾	South of Ziyu Dong Street, East of Anqian Road, Lishan District	Anshan	Residential
49	Anshan Yaguang Project ⁽²⁾⁽³⁾	Renmin Road, Tiexi District	Anshan	Commercial
50	Benxi Lake View Place	Binhe Bei Road, Mingshan District	Benxi	Residential
51	Panjin Kaisa Center ⁽³⁾	No. 1, Shifu Avenue, Xinglongtai District	Panjin	Residential
52	Huludao Suizhong Kaisa Dongdaihe ⁽³⁾	South of Binhai Road, Dongdaihe New Zone, Suizhong County	Huludao	Residential
53	Weifang Kaisa Golden World	North of Bailanghe Reservoir Dam, South of Weijiao Road	Weifang	Residential

Project Portfolio (continued)

Project Phase	Site Area (sq.m.)	Total GFA (sq.m.)	Total GFA			Interest Attributable to us
			Completed Properties (sq.m.)	Properties under Development (sq.m.)	Properties held for Future Development (sq.m.)	
–	65,020	150,772	–	150,772	–	100%
–	33,910	84,775	–	–	84,775	100%
–	89,998	267,995	–	–	267,995	100%
1-3	70,859	734,076	104,644	450,720	178,712	100%
–	20,400	61,200	–	–	61,200	100%
1-10	1,663,969	4,326,238	72,789	390,824	3,862,625	100%
1-3	164,354	550,431	110,989	69,327	370,115	100%
1-4	192,711	256,305	53,038	106,483	96,784	100%
1-6	182,666	931,313	409,499	521,814	–	100%
1-7	150,071	761,542	761,542	–	–	100%
1-2	133,269	362,420	362,420	–	–	100%
1-6	120,570	421,995	–	341,469	80,526	80%
1-2	51,256	143,516	–	–	143,516	100%
–	29,541	116,390	116,390	–	–	100%
1-7	256,188	757,669	195,063	406,339	156,267	100%
1-2	84,959	297,357	–	–	297,357	51%
–	21,423	292,331	–	292,331	–	100%
1-3	469,552	1,408,656	–	347,443	1,061,213	77%
1-3	249,470	873,145	–	233,745	639,400	100%
1-3	477,463	1,359,251	–	267,627	1,091,624	100%
1-3	308,956	926,868	–	–	926,868	100%
–	9,783	76,200	–	–	76,200	100%
–	122,200	356,824	–	323,120	33,704	100%
1-2	52,812	380,092	–	170,717	209,375	71%
1-2	1,114,491	1,738,871	–	577,576	1,161,295	100%
1-4	164,469	246,703	–	131,112	115,591	100%

Project Portfolio (continued)

NO.	Project	Address	Location	Type ⁽¹⁾
54	Qingdao Lake View Place ⁽³⁾	East of Zhongjinger Road, West of Wangsha Road and South of Baishahe, Xiazhuang Street, Chengyang District	Qingdao	Residential
55	Liaoyang Gongchangling Project ⁽³⁾	Tanghe New Town, Gongchangling District	Liaoyang	Residential
56	Dandong Project ⁽³⁾	South of Huanghai Street, Zhenxing District	Dandong	Residential
57	Dalian Kaisa Center	Donggang Business District, Zhongshan District	Dalian	Commercial
58	Dalian Kaisa Plaza	No. 271, Tianjin Street, Zhongshan District	Dalian	Commercial
The Central China Region				
59	Changsha Lake View Place	Jinping Village, Tiaoma County	Changsha	Residential
60	Changsha Kaisa Times Square	Yingpan Dong Road, Furong District	Changsha	Residential
61	Zhuzhou Golden World	Liyu Central Business Area, Tianyuan District	Zhuzhou	Residential
62	Wuhan Golden World	Junction of Baisha Road and Qingling Dong Road, Qingling County, Hongshan District	Wuhan	Residential
63	Wuhan Hanyang Project ⁽³⁾	North of Zhiying Avenue and West of Yangcheng West Road, Hanyang District	Wuhan	Residential
The Yangtze River Delta				
64	Jiangyin Lake View Place	South of Xinhua Road, West of Dongwaihuan Road and North of Renmin Dong Road	Jiangyin	Residential
65	Jiangyin Gushan Mocha Town	South of Golden Gushan Garden and West of Kingfu Avenue, Gushan Town	Jiangyin	Residential
66	Jiangyin Kaisa Plaza ⁽⁸⁾	South of Mingxian Road, West of Waihuan Road and North of Renmin East Road	Jiangyin	Residential
67	Jiangyin Zhouzhuang Golden World	East of Zhouxi Dong Road, Zhouzhuang Town	Jiangyin	Residential
68	Jiangyin Changjing Lake View Waldorf	East of Xinglong Road, South of Dongshun Road, Changjing Town	Jiangyin	Residential
69	Jiangyin Tonghui Garden	South of Tongfu Road, West of Tongjiang Road, North of Tonghui Road	Jiangyin	Residential
70	Jiangyin Fuqiao Homeland ⁽³⁾	South of Binjiang Road, West of Tongdu Road, North of Chengxi Road	Jiangyin	Residential
71	Changzhou Phoenix Lake No.1	South of Qingyang Road, Xuejia Town, Xinbei District	Changzhou	Residential
72	Taizhou Kaisa Mansion No.1	West of No. 11 Road, North of Chenzhuang Road, Taizhou Economic Development Zone	Taizhou	Residential
73	Shanghai Shanhuwan Garden	No.4333 Alley, Haima Road, Haiwan Town, Fengxian District	Shanghai	Residential
74	Shanghai Shangpin Garden	Kangfeng North Road and Kangnian Road, Malu Town, Jiading District	Shanghai	Residential
75	Shanghai Xiangyi Garden	No. 99 Alley, Juting Road, Zhuanghang Town, Fengxian District	Shanghai	Residential
76	Shanghai Xuhang Project ⁽³⁾	Intersection of Chengliu Road and Shengzhu East Road, Xuhang Town, Jiading District	Shanghai	Residential
77	Shanghai Pudong Project ⁽³⁾	Intersection of Middle Yanggao Road and Minsheng Road, Pudong District	Shanghai	Commercial
78	Shanghai Jiading Xuhang Project 2 ⁽³⁾	Intersection of Qining Road and Shengzhu East Road, Xuhang Town, Jiading District	Shanghai	Residential
79	Taicang Lake View Waldorf	No. 1 Jinan Road, Science-Education New Town	Taicang	Residential

Project Portfolio (continued)

Project Phase	Site Area (sq.m.)	Total GFA (sq.m.)	Total GFA			Interest Attributable to us
			Completed Properties (sq.m.)	Properties under Development (sq.m.)	Properties held for Future Development (sq.m.)	
1-3	206,879	273,420	–	–	273,420	100%
–	372,427	256,975	–	–	256,975	100%
1-3	133,340	293,326	–	–	293,326	100%
–	26,610	119,700	–	–	119,700	100%
–	15,955	78,454	78,454	–	–	100%
1-4	673,536	1,683,840	548,133	383,376	752,331	100%
–	21,770	107,431	–	107,431	–	100%
1-3	222,177	596,594	342,448	254,146	–	100%
1-3	181,493	505,488	–	423,816	81,672	100%
1-2	40,390	116,323	–	–	116,323	100%
1-3	225,530	272,274	272,274	–	–	100%
1-4	76,465	132,849	132,849	–	–	100%
1-3	158,241	424,359	104,745	319,614	–	100%
1-2	103,589	220,546	110,587	109,959	–	100%
1-2	93,275	149,763	55,349	94,414	–	100%
–	41,440	73,615	–	73,615	–	100%
–	35,801	114,563	–	–	114,563	100%
1-2	101,819	256,342	22,436	233,906	–	100%
1-3	192,505	372,994	–	72,431	300,562	51%
1-4	104,796	140,151	140,151	–	–	100%
–	23,307	84,448	–	84,448	–	100%
–	70,318	116,607	–	116,607	–	51%
1-2	68,870	137,741	–	–	137,741	100%
–	11,088	49,896	–	–	49,896	100%
–	48,387	82,741	–	–	82,741	100%
1-3	87,741	201,346	201,346	–	–	100%

Project Portfolio (continued)

NO.	Project	Address	Location	Type ⁽¹⁾
80	Hangzhou Jade Dragon Court	North of Zhennan Road, Zhijiang Holiday Resort Area, Hangzhou Xihu District		Residential
81	Hangzhou Kaisa Monarch Residence ⁽³⁾	West of Donghu Road and North of Shitang Road, Qiaosi Community, Yuhang District	Hangzhou	Residential
82	Hangzhou Yuhang Wuchang Project ⁽³⁾	Jingfeng Community, Wuchang Street, Yuhang District	Hangzhou	Residential
Total⁽⁵⁾				

Notes:

- 1 Residential properties include apartments, serviced apartments and townhouses, often with complementary commercial facilities, restaurants and community facilities.
- 2 The projects are renovation developments of once distressed assets and partially completed properties.
- 3 Including
 - (i) Guangzhou Tongbao Project;
 - (ii) Guangzhou Shatai Project;
 - (iii) a portion of land with a site area of 750,842 sq.m. for Huizhou Riverbank New Town;
 - (iv) Chengdu Kaisa City Plaza;
 - (v) a portion of land with a site area of 67,942 sq.m. for Nanchong Monarch Residence;
 - (vi) a portion of land with a site area of 248,883 sq.m. for Yingkou Dragon Bay;
 - (vii) a portion of land with a site area of 177,548 sq.m. for Yingkou Monarch Residence;
 - (viii) a portion of land with a site area of 366,775 sq.m. for Anshan Lake View Waldorf;
 - (ix) Anshan Monarch Residence;
 - (x) Anshan Yaguang Project;
 - (xi) a portion of land with a site area of 22,244 sq.m. for Panjin Kaisa Center;
 - (xii) a portion of land with a site area of 360,423 sq.m. for Huludao Suizhong Kaisa Dongdaihe;
 - (xiii) Qingdao Lake View Place;
 - (xiv) Liaoyang Gongchangling Project;
 - (xv) Dandong Project;

Project Phase	Site Area (sq.m.)	Total GFA (sq.m.)	Total GFA			Interest Attributable to us
			Completed Properties (sq.m.)	Properties under Development (sq.m.)	Properties held for Future Development (sq.m.)	
–	39,376	98,041	–	98,041	–	100%
–	36,595	73,190	–	–	73,190	100%
1-2	75,214	142,907	–	–	142,907	100%
	11,762,230	32,150,676	8,367,721	8,374,711	15,408,244	

(xvi) Wuhan Hanyang Project;

(xvii) Jiangyin Fuqiao Homeland;

(xviii) Shanghai Xuhang Project;

(xix) Shanghai Pudong Project;

(xx) Shanghai Jiading Xuhang Project 2;

(xxi) Hangzhou Kaisa Monarch Residence;

(xxii) Hangzhou Yuhang Wuchang Project;

for which as at June 30, 2013, we have not obtained the land use rights certificates, but have entered into land grant contracts or obtained confirmation from the relevant land and resources bureau that we have been selected as the winner of the public listing-for-sale process.

4 Based on our internal project plans but subject to the governmental approval.

5 Including completed properties sold.

6 Including certain commercial spaces held for investment. Such commercial spaces are held either under long term lease (for Shenzhen Woodland Height, with GFA of approximately 12,886 sq.m.) or medium term lease (for Shenzhen Kaisa Center and Phase 1 of Huizhou Kaisa Center, with GFA attributable to the Group of approximately 19,170 sq.m. and 12,008 sq.m., respectively).

7 Including certain commercial spaces and car parks held for investment under medium term lease, with an aggregate GFA of approximately 43,503 sq.m..

8 Including certain office and commercial spaces held for investment. Such office and commercial spaces are held either under long term lease (for Phase 2 of Huizhou Kaisa Center with GFA of approximately 146,278 sq.m.) or medium term lease (for Shenzhen Kaisa Global Center, Jiangyin Kaisa Plaza and Shenyang Kaisa Center, with GFA of approximately 142,000 sq.m., 62,662 sq.m. and 113,219 sq.m., respectively).

9 As of June 30, 2013, completed properties held for sale had a total GFA of approximately 980,338 sq.m..

Project Portfolio (continued)

PROPERTIES UNDER DEVELOPMENT

The table below sets forth certain information of our property projects or project phases under development as at 30 June 2013. We have obtained land use rights certificates and construction works commencement permits for all of our properties under development.

Project	City	Project Phase	Total GFA or Estimated Total GFA (sq.m.)
Shenzhen Kaisa City Plaza	Shenzhen	1	253,800
Shenzhen Kaisa Metropolitan Homeland	Shenzhen	–	96,941
Shenzhen Dapeng Project	Shenzhen	1	77,826
Shenzhen Dapeng Project	Shenzhen	2	108,389
Foshan Shunde Kaisa Golden World	Foshan	1	145,390
Foshan Shunde Kaisa Golden World	Foshan	2	75,173
Foshan Shunde Kaisa Golden World	Foshan	3	117,355
Dongguan Zhongyang Haomen	Dongguan	4	106,483
Dongguan Dongjiang Haomen	Dongguan	2	90,193
Dongguan Dongjiang Haomen	Dongguan	3	56,833
Dongguan Shui'an Haomen	Dongguan	2	93,105
Dongguan Oasis Town	Dongguan	–	150,772
Huizhou Kaisa Center	Huizhou	2	450,720
Huizhou Riverbank New Town	Huizhou	2	69,751
Huizhou Riverbank New Town	Huizhou	3	321,073
Zhuhai Lake View Waldorf Garden	Zhuhai	1	69,327
Zhuhai Golden World	Zhuhai	1	53,331
Zhuhai Golden World	Zhuhai	2	53,152
Chengdu Kaisa Monarch Residence	Chengdu	4	189,851
Chengdu Kaisa Monarch Residence	Chengdu	5	185,750
Chengdu Kaisa Monarch Residence	Chengdu	6	146,213
Chengdu Kaisa Mansion No.8	Chengdu	1	114,052
Chengdu Kaisa Mansion No.8	Chengdu	2	135,000
Chengdu Kaisa Mansion No.8	Chengdu	3	92,417
Nanchong Monarch Residence	Nanchong	3	140,888
Nanchong Monarch Residence	Nanchong	4	125,681
Nanchong Monarch Residence	Nanchong	5	139,770
Shenyang Kaisa Center	Shenyang	–	292,331

Saleable GFA or Estimated Total Saleable GFA (sq.m.)	Commencement Time	Status of Pre-sale permit	Estimated Completion Time	Interest Attributable to us
246,410	July 2011	Yes	2013 4th quarter	80%
85,574	March 2012	Yes	2013 4th quarter	100%
64,854	April 2012	Yes	2013 4th quarter	100%
92,131	December 2012	Not yet obtained	2014 2nd quarter	100%
123,581	May 2011	Yes	2013 3rd quarter	100%
63,897	August 2011	Yes	2014 1st quarter	100%
99,752	October 2011	Not yet obtained	2014 2nd quarter	100%
90,510	September 2011	Yes	2013 4th quarter	100%
90,193	December 2010	Yes	2014 2nd quarter	100%
56,833	January 2013	Not yet obtained	2014 3rd quarter	100%
79,140	March 2012	Yes	2014 2nd quarter	80%
128,157	January 2013	Not yet obtained	2014 2nd quarter	100%
383,112	April 2011	Yes	2014 1st quarter	100%
59,288	April 2011	Yes	2013 3rd quarter	100%
272,912	October 2011	Yes	2013 4th quarter	100%
58,928	March 2011	Not yet obtained	2013 4th quarter	100%
45,331	March 2011	Yes	2013 3rd quarter	100%
45,179	August 2011	Not yet obtained	2013 3rd quarter	100%
132,895	October 2011	Yes	2013 4th quarter	100%
130,025	May 2012	Yes	2013 4th quarter	100%
124,281	June 2012	Yes	2014 4th quarter	100%
79,919	December 2012	Yes	2013 4th quarter	80%
114,750	March 2013	Yes	2014 3rd quarter	80%
64,170	May 2013	Yes	2014 4th quarter	80%
89,569	December 2011	Yes	2013 4th quarter	100%
77,070	July 2012	Yes	2014 2nd quarter	100%
118,805	November 2012	Yes	2014 4th quarter	100%
248,481	May 2012	Yes	2014 3rd quarter	100%

Project Portfolio (continued)

Project	City	Project Phase	Total GFA or Estimated Total GFA (sq.m.)
Yingkou Dragon Bay	Yingkou	1	347,443
Yingkou Monarch Residence	Yingkou	1	233,745
Anshan Lake View Waldorf	Anshan	1	267,627
Benxi Lake View Place	Benxi	–	323,120
Panjin Kaisa Center	Panjin	1	170,717
Huludao Suizhong Kaisa Dongdaihe	Huludao	1	577,576
Weifang Kaisa Golden World	Weifang	1	131,112
Changsha Lake View Place	Changsha	3	259,706
Changsha Lake View Place	Changsha	4	123,671
Changsha Kaisa Times Square	Changsha	–	107,431
Zhuzhou Golden World	Zhuzhou	2	30,115
Zhuzhou Golden World	Zhuzhou	3	224,031
Wuhan Golden World	Wuhan	1	185,976
Wuhan Golden World	Wuhan	2	237,840
Jiangyin Kaisa Plaza	Jiangyin	1	112,131
Jiangyin Kaisa Plaza	Jiangyin	3	207,483
Jiangyin Zhouzhuang Golden World	Jiangyin	2	109,959
Jiangyin Changjing Lake View Waldorf	Jiangyin	2	94,414
Jiangyin Tonghui Garden	Jiangyin	–	73,615
Changzhou Phoenix Lake No.1	Changzhou	1	100,714
Changzhou Phoenix Lake No.1	Changzhou	2	133,192
Taizhou Kaisa Mansion No.1	Taizhou	1	72,431
Shanghai Shangpin Garden	Shanghai	–	84,448
Shanghai Xiangyi Garden	Shanghai	–	116,607
Hangzhou Jade Dragon Court	Hangzhou	–	98,041
Total			8,374,711

Saleable GFA or Estimated Total Saleable GFA (sq.m.)	Commencement Time	Status of Pre-sale permit	Estimated Completion Time	Interest Attributable to us
295,327	July 2011	Yes	2013 4th quarter	77%
198,683	June 2011	Yes	2013 4th quarter	100%
227,483	October 2011	Yes	2014 2nd quarter	100%
274,652	September 2011	Yes	2013 4th quarter	100%
122,338	March 2012	Yes	2013 4th quarter	71%
519,818	October 2011	Yes	2013 4th quarter	100%
111,445	November 2012	Yes	2014 2nd quarter	100%
220,750	November 2011	Yes	2014 2nd quarter	100%
105,120	April 2013	Not yet obtained	2014 4th quarter	100%
91,316	March 2013	Not yet obtained	2014 4th quarter	100%
25,597	October 2011	Yes	2013 3rd quarter	100%
190,426	March 2013	Yes	2014 4th quarter	100%
185,976	August 2012	Yes	2013 4th quarter	100%
237,840	January 2013	Yes	2014 4th quarter	100%
95,311	January 2011	Yes	2013 4th quarter	100%
176,360	October 2011	Yes	2013 4th quarter	100%
93,465	May 2011	Yes	2014 2nd quarter	100%
80,252	June 2012	Not yet obtained	2014 3rd quarter	100%
62,573	May 2013	Not yet obtained	2014 3rd quarter	100%
85,607	June 2011	Yes	2013 3rd quarter	100%
113,213	June 2011	Yes	2013 3rd quarter	100%
61,567	February 2013	Yes	2014 2nd quarter	51%
71,780	February 2013	Not yet obtained	2014 3rd quarter	100%
99,116	April 2013	Yes	2014 1st quarter	51%
83,335	February 2012	Yes	2014 1st quarter	100%
6,848,689				

PROPERTIES HELD FOR FUTURE DEVELOPMENT

The table below sets forth certain information of our property projects held for future development as at 30 June 2013.

Project	Location	Project Phase	Estimated Total GFA (sq.m.)	Estimated Completion Time ⁽¹⁾
Shenzhen Kaisa Global Center	Shenzhen	–	142,000	2017
Shenzhen Kaisa City Plaza	Shenzhen	2-4	719,800	2014
Guangzhou Tianhe Project	Guangzhou	–	45,534	2017
Guangzhou Tongbao Project	Guangzhou	–	72,966	2015
Guangzhou Shatai Project	Guangzhou	–	35,479	2015
Foshan Shunde Kaisa Golden World	Foshan	4	156,042	2014
Dongguan Le Grand Bleu	Dongguan	1-5	525,934	2015
Dongguan Yulongshan Garden	Dongguan	–	84,775	2015
Huizhou Jincheng Heights	Huizhou	–	267,995	2014
Huizhou Kaisa Center	Huizhou	3	178,712	2015
Huizhou Yuan Zhou Project	Huizhou	–	61,200	2014
Huizhou Riverbank New Town	Huizhou	4-10	3,862,625	2014
Zhuhai Lake View Waldorf Garden	Zhuhai	2-3	370,115	2015
Zhuhai Golden World	Zhuhai	3-4	96,784	2014
Chengdu Kaisa Mansion No.3	Chengdu	4-6	80,526	2015
Chengdu Kaisa City Plaza	Chengdu	1-2	143,516	2014
Nanchong Monarch Residence	Nanchong	6-7	156,267	2015
Chongqing Banan Longzhouwan Project	Chongqing	1-2	297,357	2015
Yingkou Dragon Bay	Yingkou	2-3	1,061,213	2014
Yingkou Monarch Residence	Yingkou	2-3	639,400	2015
Anshan Lake View Waldorf	Anshan	2-3	1,091,624	2014
Anshan Monarch Residence	Anshan	1-3	926,868	2014
Anshan Yaguang Project	Anshan	–	76,200	2013
Benxi Lake View Place	Benxi	–	33,704	2015

Project	Location	Project Phase	Estimated Total GFA (sq.m.)	Estimated Completion Time ⁽¹⁾
Panjin Kaisa Center	Panjin	2	209,375	2014
Huludao Suizhong Kaisa Dongdaihe	Huludao	1-2	1,161,295	2014
Weifang Kaisa Golden World	Weifang	2-4	115,591	2014
Qingdao Lake View Place	Qingdao	1-3	273,420	2015
Liaoyang Gongchangling Project	Liaoyang	–	256,975	2015
Dandong Project	Dandong	1-3	293,326	2014
Dalian Kaisa Center	Dalian	–	119,700	2015
Changsha Lake View Place	Changsha	4	752,331	2014
Wuhan Golden World	Wuhan	3	81,672	2015
Wuhan Hanyang Project	Wuhan	1-2	116,323	2014
Jiangyin Fuqiao Homeland	Jiangyin	–	114,563	2015
Taizhou Kaisa Mansion No.1	Taizhou	2-3	300,562	2014
Shanghai Xuhang Project	Shanghai	1-2	137,741	2015
Shanghai Pudong Project	Shanghai	–	49,896	2016
Shanghai Jiading Xuhang Project 2	Shanghai	–	82,741	2015
Hangzhou Kaisa Monarch Residence	Hangzhou	–	73,190	2015
Hangzhou Yuhang Wuchang Project	Hangzhou	1-2	142,907	2014
Total			15,408,244	

Note:

1. For projects with multiple phases, the estimated time for completing the first phase of the project.

DISCLOSURE OF INTERESTS

SHARE OPTION SCHEMES

The Company adopted a share option scheme (the “Share Option Scheme”) on 22 November 2009. A summary of the principal terms of the Share Option Scheme is set out as follows:

(1) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Company to grant options of the Company to eligible participants as incentives or rewards for their contribution or potential contribution to the Group.

(2) Participants of the Share Option Scheme

Participants of the Share Option Scheme include any full-time or part-time employees, executives or officers (including executive, non-executive and independent non-executive Directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries.

(3) Total number of Shares available for issue under the Share Option Scheme

Initially the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme or any other share option schemes adopted by the Company shall not exceed 10% of the aggregate of the Shares in issue on the date of which trading of the Shares commences on the Stock Exchange and any Shares which may be allotted and issued by the Company under the over-allotment option. The total number of Shares available for issue upon exercise of the options which may be granted pursuant to the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time. As at 30 June 2013, a total of 531,540,000 options were granted under the Share Option Scheme. For the six months ended 30 June 2013, a total of 8,385,000 options were exercised, no options were cancelled, and a total of 35,676,000 options lapsed. The number of options available for issue under the Share Option Scheme was 67,276,000 as at 30 June 2013. No options were granted during the six months ended 30 June 2013 and up to the date of this report.

(4) Maximum entitlement of each Participant

The maximum number of Shares issued and to be issued upon exercise of the options granted and to be granted pursuant to the Share Option Scheme and any other share option schemes of the Company to each participant of the Share Option Scheme in any 12-month period up to and including the date of grant of the options shall not exceed 1% of the total number of Shares in issue.

(5) Period within which the securities must be taken up under an option

The period within which the options must be exercised will be specified by the Company at the time of grant. This period must expire no later than 10 years from the relevant date of grant.

(6) Payment on acceptance of option offer

HK\$1.00 is payable by the participant of the Share Option Scheme to the Company upon acceptance of the option offered as consideration for the grant.

(7) Basis of determining the subscription price

The subscription price per Share under the Share Option Scheme is determined by the Board and notified to each participant and shall be no less than the highest of (i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of grant.

(8) Remaining life of the Share Option Scheme

The Share Option Scheme will remain valid until 9 December 2019 after which no further options may be granted. In respect of all options which remain exercisable on such date, the provisions of the Share Option Scheme shall remain in full force and effect. The summary below sets out the details of options granted as at 30 June 2013 pursuant to the Share Option Scheme:

Grantee	Balance as of 1 January 2013	Grant during the six months ended 30 June 2013	Exercised during the six months ended 30 June 2013	Lapsed during the six months ended 30 June 2013	Balance as of 30 June 2013
SUN Yuenan	20,020,000	–	–	–	20,020,000
TAM Lai Ling	55,030,000	–	–	–	55,030,000
CHEN Gengxian	20,020,000	–	–	–	20,020,000
JIN Zhigang	14,520,000	–	–	–	14,520,000
ZHANG Yizhao	1,000,000	–	–	–	1,000,000
RAO Yong	1,000,000	–	–	–	1,000,000
FOK Hei Yu	1,250,000	–	–	–	1,250,000
Other employees	354,390,000	–	(8,385,000)	(35,676,000)	310,329,000
Total	467,230,000	–	(8,385,000)	(35,676,000)	423,169,000

As at 30 June 2013, a total of 125,759,000 options were exercisable.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2013, the interests and short positions of Directors and chief executive of the Company and their associates in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (“SFO”)) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the Shares and underlying Shares:

Name of Director	Capacity	Family interest (Note 1)	Underlying Shares (under equity derivatives of the Company) (Note 2)	Total	Approximate percentage of the issued share capital of the Company (Note 3) (%)
KWOK Ying Shing	Settlor/Beneficiary of the Kwok Family Trust	3,066,182,701	–	3,066,182,701	62.40
KWOK Ying Chi	Settlor/Beneficiary of the Kwok Family Trust	3,066,182,701	–	3,066,182,701	62.40
SUN Yuenan	Personal	–	20,020,000	20,020,000	0.41
TAM Lai Ling	Personal	–	55,030,000	55,030,000	1.12
CHEN Gengxian	Personal	–	20,020,000	20,020,000	0.41
JIN Zhigang	Personal	–	14,520,000	14,520,000	0.30
ZHANG Yizhao	Personal	–	1,000,000	1,000,000	0.02
RAO Yong	Personal	–	1,000,000	1,000,000	0.02
FOK Hei Yu	Personal	–	1,250,000	1,250,000	0.03

Note:

- (1) These interests refer to the Shares that are beneficially owned through the Kwok Family Trust, a trust established for the benefit of the Kwok family. See “Substantial Shareholders”.
- (2) These shares refer to the Shares underlying options that have been granted under the Share Option Scheme.
- (3) As at 30 June 2013, the number of Shares in issue was 4,914,225,000.

(ii) Interests in associated corporations of the Company (long positions)

Name of Director	Name of associated corporation	Capacity	Number of shares	Percentage of shareholding in the associate corporation (%)
KWOK Ying Shing (Note)	Da Chang	Settlor/Beneficiary of the Kwok Family Trust	1	100
	Da Feng	Settlor/Beneficiary of the Kwok Family Trust	1	100
	Da Zheng	Settlor/Beneficiary of the Kwok Family Trust	1	100
	Chang Yu	Settlor/Beneficiary of the Kwok Family Trust	1,000	100
KWOK Ying Chi (Note)	Da Chang	Settlor/Beneficiary of the Kwok Family Trust	1	100
	Da Feng	Settlor/Beneficiary of the Kwok Family Trust	1	100
	Da Zheng	Settlor/Beneficiary of the Kwok Family Trust	1	100
	Chang Yu	Settlor/Beneficiary of the Kwok Family Trust	1,000	100

Note:

The entire issued share capital of each of Da Chang Investment Company Limited (“Da Chang”), Da Feng Investment Company Limited (“Da Feng”) and Da Zheng Investment Company Limited (“Da Zheng”) is held by Chang Yu Investment Company Limited (“Chang Yu”) which is in turn wholly owned by Good Health Investments Limited (“Good Health”), which is owned as to 50% by Seletar Limited and as to 50% by Serangoon Limited, as nominees and trustees for Credit Suisse Trust Limited, which is acting as the trustee of the Kwok Family Trust. The Kwok Family Trust is a discretionary trust set up by Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi on 23 May 2008, the beneficiary objects of which include the immediate family members of the Kwok Family. Each of Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi is a settlor of the Kwok Family Trust and is therefore taken to be interested in the Shares held by Da Chang, Da Feng and Da Zheng.

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at 30 June 2013, the following shareholders, other than those disclosed in the section headed “Directors’ and Chief Executive’s Interests in Securities”, had notified the Company of its interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

As at 30 June 2013, so far as the Directors are aware, persons other than the directors or chief executive of the Company, who 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 were as follows:

Name of substantial shareholder	Capacity	Type of interests	Number of shares (Note 1)	Approximate percentage of the issued share capital of the Company (%)
Da Chang	Beneficial owner	Corporation	1,000,307,622 (L) (Note 2 & 13)	20.40 (L)
Da Feng	Beneficial owner	Corporation	1,035,026,457 (L) (Note 2 & 13)	21.10 (L)
Da Zheng	Beneficial owner	Corporation	1,030,848,622 (L) (Note 2 & 15)	20.98 (L)
Chang Yu	Interest in a controlled corporation	Corporation	3,066,182,701 (L) (Note 2 & 15)	62.40 (L)
Good Health	Interest in a controlled corporation	Corporation	3,058,198,701 (L) (Note 2, 3 & 13)	62.35 (L)
Credit Suisse Trust Limited	Interest in a controlled corporation	Corporation	3,058,198,701 (L) (Note 4 & 13)	62.35 (L)
Kwok Chun Wai	Settlor/Beneficiary of the Kwok Family Trust	Family Trust	3,066,182,701 (L) (Note 4 & 15)	62.40 (L)
TC Group Cayman Investment Holdings, L.P.	Interest in a controlled corporation	Corporation	431,309,914 (L) (Note 5, 6 & 13)	8.79 (L)
TCG Holdings Cayman II, L.P.	Interest in a controlled corporation	Corporation	431,309,914 (L) (Note 5, 6 & 13)	8.79 (L)
Credit Suisse (Hong Kong) Limited	Interest in a controlled corporation	Corporation	300,000,000 (L) 150,000,000 (S) (Note 7 & 14)	6.00 (L) 3.00 (S)
Credit Suisse (International) Holding AG	Interest in a controlled corporation	Corporation	300,000,000 (L) 150,000,000 (S) (Note 7 & 14)	6.00 (L) 3.00 (S)
Credit Suisse AG	Interest in a controlled corporation	Corporation	4,107,726,245 (L) 865,688,491 (S) (Note 7, 12 & 15)	82.15 (L) 17.31 (S)
Credit Suisse Holdings (USA), Inc.	Interest in a controlled corporation	Corporation	3,791,570,651 (L) 715,688,491 (S) (Note 8, 12 & 14)	75.83 (L) 14.31 (S)

Name of substantial shareholder	Capacity	Type of interests	Number of shares (Note 1)	Approximate percentage of the issued share capital of the Company (%)
Credit Suisse (USA) Inc.	Interest in a controlled corporation	Corporation	3,791,570,651 (L) 715,688,491 (S) (Note 8, 12 & 14)	75.83 (L) 14.31 (S)
Credit Suisse Private Equity, Inc.	Interest in a controlled corporation	Corporation	3,791,570,651 (L) 715,688,491 (S) (Note 8, 12 & 14)	75.83 (L) 14.31 (S)
DLJ Real Estate Capital IV, Inc.	Interest in a controlled corporation	Corporation	3,791,570,651 (L) 715,688,491 (S) (Note 9, 12 & 14)	75.83 (L) 14.31 (S)
DLJ Real Estate Capital IV, L.P.	Interest in a controlled corporation	Corporation	3,791,570,651 (L) 715,688,491 (S) (Note 9, 12 & 14)	75.83 (L) 14.31 (S)
DLJ Real Estate Capital Partners IV, L.P.	Interest in a controlled corporation	Corporation	3,791,570,651 (L) 715,688,491 (S) (Note 9, 12 & 14)	75.83 (L) 14.31 (S)
RECP IV Kaisa, LLC	Interest in a controlled corporation	Corporation	3,791,570,651 (L) 715,688,491 (S) (Note 9, 11, 12 & 14)	75.83 (L) 14.31 (S)
Longhill Holding Company Ltd	Interest in a controlled corporation	Corporation	258,785,949 (L) (Note 10 & 13)	5.28 (L)

Notes:

- The letter “L” denotes the person’s long position in the Shares and the letter “S” denotes the person’s short position in the Shares.
- The entire issued share capital of each of Da Chang, Da Feng and Da Zheng is held by Chang Yu which is in turn wholly-owned by Good Health.
- Good Health is owned as to 50% by Seletar Limited and as to 50% by Serangoon Limited as nominees and trustees for Credit Suisse Trust Limited.
- Credit Suisse Trust Limited which is acting as the trustee of a discretionary trust set up by Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi on 23 May 2008 (the “Kwok Family Trust”). The beneficiary objects of the Kwok Family Trust include the immediate family members of the Kwok Family (including Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi). Each of Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi is a settlor of the Kwok Family Trust and is therefore taken to be interested in the Shares held by Da Chang, Da Feng and Da Zheng.
- TC Group Cayman Investment Holdings, L.P., a limited partnership formed under the laws of the Cayman Islands, has a controlling interest in CAGP Ltd.
- TCG Holdings Cayman II, L.P., a limited partnership formed under the laws of the Cayman Islands, has a controlling interest in TC Group Cayman Investment Holdings, L.P.

Disclosure of Interests (continued)

7. Credit Suisse Group AG is a company listed in Switzerland, ADS in New York and is the parent company of Credit Suisse AG, Credit Suisse (Hong Kong) Limited and Credit Suisse (International) Holding AG.
8. Credit Suisse Private Equity, Inc. is wholly-owned by Credit Suisse (USA), Inc., which is in turn wholly-owned by Credit Suisse Holdings (USA), Inc.
9. DLJ Real Estate Capital Partners IV, L.P. is wholly-owned by DLJ Real Estate Capital IV, L.P., which is in turn wholly-owned by DLJ Real Estate Capital IV, Inc., which is in turn wholly-owned by Credit Suisse Private Equity, Inc.
10. Longhill Holding Company Ltd., an investment holding company incorporated under the laws of the Cayman Islands, is an affiliated entity of Carlyle Asia Real Estate Partners, L.P. and Carlyle Asia Real Estate Partners II, L.P.
11. RECP IV Kaisa, LLC, a limited liability company organised under the laws of the State of Delaware, the United States of America, is controlled by DLJ Real Estate Capital Partners IV, L.P.. RECP IV Kaisa, LLC has a direct interest in 77,635,783 (L) Shares.
12. The interests in the 3,791,570,651(L) Shares and the 715,688,491(S) Shares are the aggregate interests of all investors to the pre-IPO equity agreements among such investors, the Company and the Controlling Shareholders. Pursuant to such agreements, such investors are considered as parties acting in concert under Section 317 and 318 of the SFO, and pursuant to such rules all their interests in the Company (including those of their affiliates) have been counted together when calculating the interests of each such investor (and its controlling person) in the Company. For this purpose, the shares owned by Da Chang, Da Feng and Da Zheng under the trust (see Note 4 above) are also included when calculating the interests of each such investor (and its controlling person) in the Company.
13. The percentage has been calculated based on 4,905,390,000 Shares in issue as at 31 December 2011.
14. The percentage has been calculated based on 5,000,000,000 Shares in issue as at 31 December 2009.
15. The percentage has been calculated based on 4,914,225,000 Shares in issue as at 30 June 2013.

INDEPENDENT AUDITOR'S REVIEW REPORT



羅兵咸永道

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF KAISA GROUP HOLDINGS LTD.**
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 36 to 70, which comprises the condensed consolidated balance sheet of Kaisa Group Holdings Ltd. (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2013 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other 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” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information 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.

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 interim financial information 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 interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 15 August 2013

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CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
ASSETS			
Non-current assets			
Property and equipment	6	521,847	307,948
Investment properties	6	8,831,835	7,539,500
Land use rights	6	153,994	60,485
Deferred income tax assets		297,622	208,941
		9,805,298	8,116,874
Current assets			
Properties under development		37,835,703	31,670,226
Completed properties held for sale		4,499,681	3,169,518
Debtors, deposits and other receivables	7	9,914,368	5,843,114
Prepayments for proposed development projects		4,123,396	3,608,772
Prepaid taxes		318,744	191,806
Restricted cash		577,377	669,784
Cash and cash equivalents		5,597,313	4,682,502
		62,866,582	49,835,722
Total assets		72,671,880	57,952,596
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	8	432,924	432,246
Share premium	8	3,835,111	3,817,526
Reserves	9	11,155,224	10,100,417
		15,423,259	14,350,189
Non-controlling interests		872,228	703,994
Total equity		16,295,487	15,054,183

Condensed Consolidated Balance Sheet (continued)

	Note	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	10	15,942,913	12,257,358
Financial derivatives	10(e)	–	59,084
Deferred income tax liabilities		1,188,939	1,143,247
		17,131,852	13,459,689
Current liabilities			
Advance proceeds received from customers	11	19,551,871	13,878,568
Advanced deposits received	11	6,243,479	3,365,279
Accrued construction costs		5,764,652	5,414,517
Income tax payable		1,917,578	1,480,732
Borrowings	10	3,657,257	3,150,338
Financial derivatives		6,908	–
Other payables	12	1,713,062	1,697,391
Amounts due to non-controlling interests of subsidiaries		389,734	451,899
		39,244,541	29,438,724
Total liabilities		56,376,393	42,898,413
Total equity and liabilities		72,671,880	57,952,596
Net current assets		23,622,041	20,396,998
Total assets less current liabilities		33,427,339	28,513,872

The notes on pages 41 to 70 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited Six months ended 30 June	
		2013	2012
		RMB'000	RMB'000
	Note		
Revenue	5	7,016,075	2,300,172
Cost of sales	14	(4,460,576)	(1,191,586)
Gross profit		2,555,499	1,108,586
Other gains – net	13	2,004	17,408
Selling and marketing costs	14	(356,698)	(232,008)
Administrative expenses	14	(406,170)	(282,740)
Change in fair value of investment properties	6	363,910	423,874
Change in fair value of financial derivatives		(6,908)	3,798
Operating profit		2,151,637	1,038,918
Share of result from an associate		–	(208)
Finance income		179,547	10,819
Finance costs		(566,958)	(35,389)
Finance costs – net	15	(387,411)	(24,570)
Profit before income tax		1,764,226	1,014,140
Income tax expenses	16	(759,818)	(340,509)
Profit and total comprehensive income for the period		1,004,408	673,631
Profit attributable to:			
Equity holders of the Company		1,024,624	674,815
Non-controlling interests		(20,216)	(1,184)
		1,004,408	673,631
Earnings per share for profit attributable to equity holders of the Company for the period (expressed in RMB per share)			
– Basic	17	0.209	0.138
– Diluted	17	0.197	0.137

The notes on pages 41 to 70 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited					
	Capital and reserves attributable to equity holders of the Company					
	Share capital RMB'000 (note 8)	Share premium RMB'000 (note 8)	Reserves RMB'000 (note 9)	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
Balance as at 1 January 2012	432,210	3,816,563	7,692,893	11,941,666	7,786	11,949,452
Total comprehensive income	–	–	674,815	674,815	(1,184)	673,631
Transactions with owners in their capacity as owners:						
Share-based payments (note 14)	–	–	18,856	18,856	–	18,856
Acquisition of non-controlling interests (note 21(a))	–	–	–	–	(26)	(26)
Capital injection by non-controlling interests	–	–	–	–	7,900	7,900
Acquisition of subsidiaries (note 21(a))	–	–	–	–	18,485	18,485
Balances as at 30 June 2012	432,210	3,816,563	8,386,564	12,635,337	32,961	12,668,298
Balance as at 1 January 2013	432,246	3,817,526	10,100,417	14,350,189	703,994	15,054,183
Total comprehensive income	–	–	1,024,624	1,024,624	(20,216)	1,004,408
Transactions with owners in their capacity as owners:						
Share-based payments (note 14)	–	–	33,998	33,998	–	33,998
Exercise of share options	678	17,585	(5,077)	13,186	–	13,186
Acquisition of non-controlling interests (note 21(a))	–	–	–	–	(18,228)	(18,228)
Deemed partial disposal of a subsidiary without loss of control	–	–	1,203	1,203	188,797	190,000
Partial disposal of a subsidiary without loss of control	–	–	59	59	1,741	1,800
Capital injection by non-controlling interests	–	–	–	–	16,140	16,140
Balances as at 30 June 2013	432,924	3,835,111	11,155,224	15,423,259	872,228	16,295,487

The notes on pages 41 to 70 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited
Six months ended 30 June

	2013 RMB'000	2012 RMB'000
Net cash (used in)/generated from operating activities	(1,681,665)	205,117
Net cash used in investing activities	(1,234,026)	(262,805)
Net cash generated from/(used in) financing activities	3,845,280	(431,462)
Net increase/(decrease) in cash and cash equivalents	929,589	(489,150)
Cash and cash equivalents at beginning of period	4,682,502	3,945,389
Exchange adjustments	(14,778)	1,011
Cash and cash equivalents at end of period	5,597,313	3,457,250

The notes on pages 41 to 70 are an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Kaisa Group Holdings Ltd. (the “Company”) was incorporated in the Cayman Islands on 2 August 2007 as an exempted company with limited liability under the Companies Law (2009 Revision) (as consolidated and revised from time to time) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. During the period, the Company was engaged in investment holding and the subsidiaries of the Company were principally engaged in the property development, property investment, property management, and hotel and catering operations.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. This condensed consolidated interim financial information was approved by the board of directors of the Company for issue on 15 August 2013.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

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

(b) **Effect of adopting new standards, amendments to standards and interpretation**

The following new standards, amendments to standards and interpretation are mandatory for the Group’s financial year beginning on 1 January 2013.

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvement Project	Annual improvements 2009–2011 Cycle

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(b) Effect of adopting new standards, amendments to standards and interpretation (Continued)

The application of the above new or revised HKFRSs has had no material effect on the Group's results and financial position, except for certain disclosures in respect of the amendments of HKAS 1 and HKFRS 13.

(c) New Standards, amendments to standards and interpretation that have been issued but are not effective

The following amendments to standards and interpretation have been issued but are not effective for the financial year beginning on 1 January 2013 and have not been early adopted by the Group:

		Effective for the accounting period beginning on or after
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKFRS 9	Financial Instruments	1 January 2015
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities	1 January 2014
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures	1 January 2015
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
HK (IFRIC) – Int 21	Levies	1 January 2014

The Group will adopt the above new or revised standards, amendments and interpretation to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

3 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012, with the exception of changes in estimates that are required in determining the provision for income taxes.

4 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

There have been no changes in the risk management department since year end or in any risk management policies since the year end.

4.1 Fair value estimation

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of the derivative financial liabilities amounting to RMB6,908,000 as at 30 June 2013 (31 December 2012: RMB59,084,000) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (31 December 2012: using a valuation techniques which is not based on observable inputs).

The derivative financial liabilities were classified as level 2 at 30 June 2013 and level 3 at 31 December 2012, and there were no transfers between levels 1, 2 and 3 during the period.

5 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company. The executive directors 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 executive directors assess the performance of the single operating segment based on a measure of profit before share of result from an associate, finance income, finance costs and income tax expenses.

The executive directors consider the business from services perspective only. From services perspective, management assesses the performance of sales of properties, rental income, property management services, and hotel and catering operations and regards these being the reportable segments. No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in the People's Republic of China (the "PRC"), which is considered as one geographical location in an economic environment with similar risk and returns.

Revenue for the period consists of the following:

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Turnover		
Sales of properties		
– Completed properties held for sale	4,113,348	1,465,052
– Properties under development and proposed development projects	2,720,540	690,000
Rental income	87,817	87,277
Property management services	70,514	57,843
Hotel and catering operations	23,856	–
	7,016,075	2,300,172

5 REVENUE AND SEGMENT INFORMATION (Continued)

The segment information provided to the executive directors for the reportable segments for the period ended 30 June 2013 is as follows:

	Unaudited					Total RMB'000
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering RMB'000	Others RMB'000	
Revenue	6,833,888	87,817	70,514	23,856	-	7,016,075
Segment results before changes in fair value of investment properties and financial derivatives	1,810,345	2,268	3,003	(15,556)	(5,425)	1,794,635
Change in fair value of investment properties	-	363,910	-	-	-	363,910
Change in fair value of financial derivatives	-	(6,908)	-	-	-	(6,908)
Segment results	1,810,345	359,270	3,003	(15,556)	(5,425)	2,151,637
Finance income						179,547
Finance costs						(566,958)
Finance costs – net (note 15)						(387,411)
Profit before income tax						1,764,226
Income tax expenses (note 16)						(759,818)
Profit for the period						1,004,408
Other information:						
Depreciation	14,835	2,694	1,949	6,032	4,879	30,389
Amortisation	495	956	-	740	-	2,191

5 REVENUE AND SEGMENT INFORMATION (Continued)

The segment information provided to the executive directors for the reportable segments for the period ended 30 June 2012 is as follows:

	Unaudited				Total RMB'000
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Others RMB'000	
Revenue	2,155,052	87,277	57,843	–	2,300,172
Segment results before changes in fair value of investment properties and financial derivatives	603,006	3,119	2,095	3,026	611,246
Change in fair value of investment properties	–	423,874	–	–	423,874
Change in fair value of financial derivatives	–	3,798	–	–	3,798
Segment results	603,006	430,791	2,095	3,026	1,038,918
Share of result from an associate	(208)	–	–	–	(208)
Finance income					10,819
Finance costs					(35,389)
Finance costs – net (note 15)					(24,570)
Profit before income tax					1,014,140
Income tax expenses (note 16)					(340,509)
Profit for the period					673,631
Other information:					
Depreciation	11,365	2,430	1,474	2,691	17,960
Amortisation	404	–	–	–	404

5 REVENUE AND SEGMENT INFORMATION (Continued)

The segment assets and liabilities as at 30 June 2013 are as follows:

	Unaudited						
	Property development	Property investment	Property management	Hotel and catering	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	128,412,585	11,106,800	2,230,093	220,856	61,783,946	(131,698,766)	72,055,514
Unallocated							616,366
Total assets							72,671,880
Segment liabilities	100,842,059	4,560,025	1,252,808	154,660	36,351,877	(109,491,723)	33,669,706
Unallocated							22,706,687
Total liabilities							56,376,393
Other information:							
Capital expenditure	18,052	1,186,873	2,626	6,320	995	-	1,214,866

The segment assets and liabilities as at 31 December 2012 are as follows:

	Audited						
	Property development	Property investment	Property management	Hotel and catering	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	91,944,113	8,754,775	1,825,485	182,753	55,698,761	(100,854,038)	57,551,849
Unallocated							400,747
Total assets							57,952,596
Segment liabilities	63,297,796	3,385,844	923,284	111,307	37,174,026	(80,025,519)	24,866,738
Unallocated							18,031,675
Total liabilities							42,898,413
Other information:							
Capital expenditure	31,043	540,319	4,055	23,616	5,488	-	604,521

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

Other business segments include the investment holding and inactive companies.

Segment assets consist primarily of property and equipment, investment properties, land use rights, properties under development, completed properties held for sale, debtors, deposits and other receivables, prepayments for proposed development projects, restricted cash, and cash and cash equivalents. They exclude investment in an associate, deferred income tax assets and prepaid taxes.

Segment liabilities consist primarily of advance proceeds received from customers, advance deposits received, accrued construction costs, financial derivatives, other payables and amounts due to non-controlling interests of subsidiaries. They exclude deferred income tax liabilities, income tax payable and borrowings.

Capital expenditure comprises additions to non-current assets other than deferred income tax assets and investment in an associate that are expected to be recovered for more than one year after the balance sheet date.

6 PROPERTY AND EQUIPMENT, INVESTMENT PROPERTIES AND LAND USE RIGHTS

	Unaudited		
	Property and equipment RMB'000	Investment properties RMB'000 (notes a, b)	Land use rights RMB'000
Six months ended 30 June 2013			
Opening net book amount at 1 January 2013	307,948	7,539,500	60,485
Transfer from completed properties held for sale	69,797	-	19,250
Transfer to completed properties held for sale	-	(35,000)	-
Additions	174,991	963,425	76,450
Amortisation (note 14)	-	-	(2,191)
Depreciation (note 14)	(30,389)	-	-
Disposals	(453)	-	-
Disposals of subsidiaries	(47)	-	-
Increase in fair value	-	363,910	-
Closing net book amount at 30 June 2013	521,847	8,831,835	153,994

6 PROPERTY AND EQUIPMENT, INVESTMENT PROPERTIES AND LAND USE RIGHTS *(Continued)*

	Unaudited		
	Property and equipment RMB'000	Investment properties RMB'000 (note a)	Land use rights RMB'000
Six months ended 30 June 2012			
Opening net book amount at 1 January 2012	148,725	6,375,100	20,603
Transfer from investment properties to property and equipment and land use rights	12,743	(17,936)	5,193
Transfer from completed properties held for sale	–	150,000	–
Additions	19,144	236,562	–
Amortisation (note 14)	–	–	(404)
Depreciation (note 14)	(17,960)	–	–
Disposals	(392)	–	–
Increase in fair value	–	423,874	–
Closing net book amount at 30 June 2012	162,260	7,167,600	25,392

Notes:

- (a) The Group obtains independent valuations from Savills Valuation and Professional Services Limited, for its investment properties at least annually.

The best evidence of fair value is current prices in an active market for similar investment properties. Where such information is not available, the valuers consider information from a variety of sources including:

- (i) Current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
 - (ii) Discounted cash flow projections based on reliable estimates of future cash flows;
 - (iii) Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence; and
 - (iv) The expected total value of the investment properties under construction assuming the properties are completed, taking into consideration of the en-bloc property sale discount, and the estimated costs to completion such as construction costs and anticipated developer's profit with reference to past experience and committed contracts as well as allowances for contingencies.
- (b) The amounts include investment properties amounting to RMB382,135,000 which are in the process of obtaining the land use rights certificates.

7 DEBTORS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
Trade receivables (note a)	1,423,615	1,296,022
Other receivables	289,746	234,400
Other deposits	329,085	329,323
Prepayments	126,097	139,580
Deposits for land acquisition (note b)	7,047,561	3,462,425
Prepaid other taxes	698,264	381,364
	9,914,368	5,843,114

Notes:

- (a) Trade receivables mainly arose from sale of properties. The ageing analysis of trade receivables of the Group by due date is as follows:

	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
Not yet due (note i)	1,289,108	1,070,450
Within 90 days (note ii)	94,230	182,748
91-180 days (note ii)	26,539	42,824
181-270 days (note ii)	13,738	-
	1,423,615	1,296,022

- (i) As at 30 June 2013 and 31 December 2012, the balance of RMB1,289,108,000 and RMB1,070,450,000 represented receivables from sales of commercial properties, properties under development and proposed development projects to independent third parties. These receivable are repayable within one year after the completion of certain legal documents, which is expected to be settled during 2014.
- (ii) As at 30 June 2013, the balance primarily represented receivables from sale of residential properties from independent third parties. Generally, no credit terms are granted to these customers. The Group considered the above receivables were past due but not impaired as majority of the balances are due from customers in the process of applying mortgage loans or repaid in according to the repayment schedule. These relate to a number of independent customers for whom there is no recent history of default.
- (b) Deposits for land acquisition arise from the acquisition of land in various regions in the PRC. These deposits would be converted into land use rights when the rights to use the lands have been obtained.
- (c) As at 30 June 2013 and 31 December 2012, there is no provision made for trade and other receivables and no trade and other receivables were impaired.

8 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares HKD'000	Unaudited		Total RMB'000
			Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	
Issued and fully paid:					
As at 1 January 2012 and 30 June 2012	4,905,390,000	490,539	432,210	3,816,563	4,248,773
As at 1 January 2013	4,905,840,000	490,584	432,246	3,817,526	4,249,772
Exercise of share options	8,385,000	839	678	17,585	18,263
As at 30 June 2013	4,914,225,000	491,423	432,924	3,835,111	4,268,035

9 RESERVES

	Unaudited							Total RMB'000
	Merger reserve (note a) RMB'000	Exchange reserve RMB'000	Statutory reserves (note b) RMB'000	Share option reserve (note c) RMB'000	Capital reserve RMB'000	Conversion option reserve (note 10(c)) RMB'000	Retained earnings RMB'000	
Balance at 1 January 2012	382	24,835	461,590	129,840	(394,475)	220,824	7,249,897	7,692,893
Profit for the period	-	-	-	-	-	-	674,815	674,815
Share-based payments	-	-	-	18,856	-	-	-	18,856
Balance at 30 June 2012	382	24,835	461,590	148,696	(394,475)	220,824	7,924,712	8,386,564
Balance at 1 January 2013	382	24,835	505,185	133,011	(93,022)	220,824	9,309,202	10,100,417
Profit for the period	-	-	-	-	-	-	1,024,624	1,024,624
Exercise of share options	-	-	-	(5,077)	-	-	-	(5,077)
Share-based payments	-	-	-	33,998	-	-	-	33,998
Deemed partial disposal of a subsidiary without loss of control	-	-	-	-	1,203	-	-	1,203
Partial disposal of a subsidiary without loss of control	-	-	-	-	59	-	-	59
Balance at 30 June 2013	382	24,835	505,185	161,932	(91,760)	220,824	10,333,826	11,155,224

9 RESERVES (Continued)

- (a) The merger reserve of the Group represents the difference between the nominal value of the share capital and share premium of subsidiaries acquired pursuant to the group reorganisation in December 2007 and the nominal value of the share capital of the Company issued in exchange thereof. The reorganisation qualifies as common control combinations and has been accounted for using merger accounting.
- (b) In accordance with the relevant rules and regulations in the PRC and the provision of the articles of association of the PRC companies comprising the Group, before 1 January 2006, the local investment enterprises were required to appropriate at each year end 10% and 5% to 10% of the profit for the year after setting off the accumulated losses brought forward (based on figures reported in the statutory financial statements) to the statutory surplus reserve and the statutory public welfare fund (collectively the “Statutory Reserves”), respectively. After 1 January 2006, the local investment enterprises are allowed to appropriate 10% of the net profit to the Statutory Reserves until the accumulated appropriation exceeds 50% of the register capital.

For Chinese-foreign entities, in accordance with the Law of the PRC on Chinese-foreign Equity Joint Venture Enterprises, the percentage of profits to be appropriated to the Statutory Reserves are solely determined by the board of directors of these enterprises.

In accordance with the Laws of the PRC on Enterprises Operated Exclusively with Foreign Capital and the companies’ articles of association, an appropriation to the Statutory Reserves, after net of accumulated losses of previous years, have to be made prior to profit distribution to the investor. The appropriation for the Statutory Reserve of these foreign investment enterprises shall be no less than 10% of the net profit until the accumulated appropriation exceeds 50% of the registered capital.

- (c) Share option reserve represents value of employee services in respect of share options granted under the Pre-IPO Share Option Scheme and Share Option Scheme (note 22). All outstanding share options granted under Pre-IPO Share Option Scheme lapsed on 9 December 2012.

10 BORROWINGS

	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings – secured (note a, g)	2,743,750	2,029,250
Bank borrowings – unsecured (note a)	3,222,243	1,928,547
Senior notes (note b, f)	9,976,920	5,612,915
Senior Secured Guaranteed Bonds (note d, f)	–	2,012,020
Exchangeable Term Loan (note e, f)	–	674,626
	15,942,913	12,257,358
Borrowings included in current liabilities:		
Bank borrowings – secured (note a, g)	1,792,500	1,379,500
Bank borrowings – unsecured (note a)	515,074	446,225
Convertible Bonds (note c)	1,349,683	1,324,613
	3,657,257	3,150,338
Total borrowings	19,600,170	15,407,696

Notes:

- (a) Movements in bank borrowings are analysed as follows:

	Unaudited	
	2013 RMB'000	2012 RMB'000
Six months ended 30 June		
Opening amount as at 1 January	5,783,522	6,388,386
Additions	3,908,000	972,000
Repayments	(1,401,255)	(2,170,350)
Exchange difference	(16,700)	3,750
Closing amount as at 30 June	8,273,567	5,193,786

10 BORROWINGS (Continued)

Notes: (Continued)

(b) Senior notes

On 28 April 2010, the Company issued 13.5% senior note due 2015 in an aggregate principal amount of US\$350,000,000 (equivalent to approximately RMB2,389,205,000) at 100% of face value (the “Senior Note 2010”). On 14 June 2011, the Company issued additional 13.5% senior note due 2015 in an aggregate principal amount of US\$300,000,000 (equivalent to approximately RMB1,944,000,000) at 100% of face value (the “Senior Note 2011”) (collectively, the “Senior Notes”). The Senior Notes was fully repaid during the period ended 30 June 2013 (note f).

On 18 September 2012, the Company issued additional 12.875% senior note due 2017 in an aggregate principal amount of US\$250,000,000 (equivalent to approximately RMB1,581,225,000) at 100% of face value (the “Senior Note 2012”).

On 8 January 2013, the Company issued additional 10.25% senior note due 2020 in an aggregate principal amount of US\$500,000,000 (equivalent to approximately RMB3,142,750,000) at 100% of face value (the “Senior Note January 2013”). The net proceeds were used to redeem the Exchangeable Term Loan and Senior Secured Guaranteed Bonds (note f).

On 19 March 2013, the Company issued additional 8.875% senior note due 2018 in an aggregate principal amount of US\$550,000,000 (equivalent to approximately RMB3,457,025,000) at 100% of face value (the “Senior Note March 2013”). The net proceeds were used to redeem partial of the Senior Notes (note f).

On 22 April 2013, the Company issued additional 6.875% senior note due 2016 in an aggregate principal amount of RMB1,800,000,000 at 100% of face value (the “Senior Note April 2013”). The net proceeds were used to redeem the remaining outstanding of the Senior Notes (note f).

The net proceeds, after deducting the transaction costs, of the senior notes are as follows:

	Senior Note April 2013 RMB'000	Senior Note March 2013 RMB'000	Senior Note January 2013 RMB'000	Senior Note 2012 RMB'000	Senior Note 2011 RMB'000	Senior Note 2010 RMB'000
Nominal value	1,800,000	3,457,025	3,142,750	1,581,225	1,944,000	2,389,205
Less: transaction costs	(27,681)	(48,133)	(55,654)	(53,070)	(163,215)	(55,698)
Net proceeds	1,772,319	3,408,892	3,087,096	1,528,155	1,780,785	2,333,507

The senior notes are listed on the Singapore Exchange Securities Trading Limited.

The senior notes are secured by the pledge of shares of the Group’s subsidiaries incorporated outside of the PRC, and jointly and severally guarantees given by certain subsidiaries of the Group.

Movements in senior notes are analysed as follows:

	Unaudited	
	2013 RMB'000	2012 RMB'000
Six months ended 30 June		
Carrying amount as at 1 January	5,612,915	3,994,995
Additions	8,268,307	–
Accrued interest (note 15)	582,303	297,113
Coupon payment	(390,027)	(275,313)
Exchange difference	(151,873)	15,116
Early redemption premium (note f)	117,542	–
Repayment (note f)	(4,062,247)	–
Closing amount as at 30 June	9,976,920	4,031,911

10 BORROWINGS (Continued)

Notes: (Continued)

(c) Convertible Bonds

On 20 December 2010, the Company issued RMB denominated US\$ settled 8.0% convertible bonds (the “Convertible Bonds”), of an initial principal amount of RMB1,500,000,000 (equivalent to approximately US\$225,000,000).

The value of the liability component of RMB1,231,967,000 and the equity conversion component of RMB220,824,000, net of transaction cost of RMB47,209,000, were determined at issuance of the Convertible Bonds.

At the option of bond holders, the aggregate amount of RMB1,500,000,000 will be convertible into fully paid shares with a par value of HK\$0.1 each of the Company. The Convertible Bonds mature in five years (December 2015) from the issue date at 100% of the nominal value or can be converted into ordinary shares of the Company on or after 30 January 2011 at an initial conversion price of HK\$2.82 per share at a fixed exchange rate of RMB1.00 to HK\$1.1656. In addition, at the option of the Group or the bondholders, all outstanding principal of the Convertible Bonds can be redeemed after 20 December 2013.

The Convertible Bonds are listed on the Singapore Exchange Securities Trading Limited.

The Convertible bonds are secured by the pledge of certain shares of the Group’s subsidiaries incorporated outside of the PRC, and jointly and severally guarantees given by certain subsidiaries of the Group.

The fair value of the liability component included in long-term borrowings was calculated using a market interest rate for an equivalent non-convertible bond. The liability component is subsequently stated at amortised cost until extinguished on conversion or maturity of the bond. The residual amount, representing the value of the equity conversion component, is accounted for as a conversion option reserve included in reserves (note 9).

The Convertible Bonds recognised in the condensed consolidated balance sheet is calculated as follows:

	RMB'000
Face value of the Convertible Bonds on date of issue	1,500,000
Less: Equity component	(220,824)
Transaction costs	(47,209)
Liability component on initial recognition	1,231,967

	Unaudited	
	2013 RMB'000	2012 RMB'000
Six months ended 30 June		
Carrying amount as at 1 January	1,324,613	1,277,876
Accrued interest (note 15)	85,737	83,162
Coupon payment	(60,667)	(61,000)
Carrying amount as at 30 June	1,349,683	1,300,038

As at 30 June 2013 and 31 December 2012, there was no conversion or redemption of the Convertible Bonds.

10 BORROWINGS (Continued)

Notes: (Continued)

(d) Senior Secured Guaranteed Bonds

On 15 March 2011, the Company issued RMB denominated US\$ settled 3.5% Senior Secured Guaranteed Bonds due 2014 in an aggregate principal amount of RMB2,000,000,000 at 100% of face value (the “Senior Secured Guaranteed Bonds”). The net proceeds, after deducting the direct issuance costs, amounted to approximately RMB1,911,737,000. The Senior Secured Guaranteed Bonds were fully repaid during the period ended 30 June 2013 (note f).

The Senior Secured Guaranteed Bonds are listed on the Singapore Exchange Securities Trading Limited.

The Senior Secured Guaranteed Bonds are secured by the pledge of shares of the Group’s subsidiaries incorporated outside of the PRC, and jointly and severally guarantees given by certain subsidiaries of the Group.

The Senior Secured Guaranteed Bonds in the condensed consolidated balance sheet are calculated as follows:

	RMB'000
Nominal value	2,000,000
Less: transaction costs	(88,263)
Net proceeds	1,911,737

	Unaudited	
	2013 RMB'000	2012 RMB'000
Six months ended 30 June		
Carrying amount as at 1 January	2,012,020	1,983,234
Accrued interest (note 15)	4,991	99,896
Coupon payment	(55,250)	(85,944)
Early redemption premium (note f)	38,239	–
Repayment (note f)	(2,000,000)	–
Carrying amount as at 30 June	–	1,997,186

(e) Exchangeable Term Loan

On 23 May 2012, the Company entered into a US\$120,000,000 (equivalent to approximately RMB758,988,000) term loan with conversion options with an independent third party (the “Exchangeable Term Loan”). The maturity date of the Exchangeable Term Loan is 27 months after the drawdown date, which is 24 August 2014. The Exchangeable Term Loan was fully redeemed during the period ended 30 June 2013 (note f).

The net proceeds received from the Exchangeable Term Loan have been split between a financial derivative component and a liability component as follows:

- (i) The financial derivative component represents the fair value of conversion feature of the Exchangeable Term Loan as at issuance date, which is determined using the binomial model. The agreement allows the lender to have the option to convert the outstanding loan into equity interests of certain subsidiaries of the Company on 24 May 2014, three months before the maturity date of the Exchangeable Term Loan.

The financial derivative is classified as a financial liability at fair value through profit or loss and subsequently carried at fair value.

- (ii) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded options derivatives.

The interest charged for the period is calculated by applying an effective interest rate of approximately 22.5% per annum to the liability component since the loan was issued. Interest of 13.5% per annum is payable semiannually in accordance to the agreement.

10 BORROWINGS (Continued)

Notes: (Continued)

(e) Exchangeable Term Loan (Continued)

The value of the liability component of approximately RMB642,632,000 and the financial derivative component of approximately RMB114,357,000, net of transaction cost of US\$316,000 (equivalent to approximately RMB1,999,000), were determined at issuance of the Exchangeable Term Loan.

The Exchangeable Term Loan is guaranteed by the Group's subsidiaries incorporated outside of the PRC jointly and severally.

The Exchangeable Term Loan recognised in the condensed consolidated balance sheet is calculated as follows:

	RMB'000
Face value of the Exchangeable Term Loan on date of issue	758,988
Less: Financial derivative component	(114,357)
Transaction costs	(1,999)
Liability component on initial recognition	642,632

	Unaudited	
	Liability Component RMB'000	Derivative Component RMB'000
Six months ended 30 June		
Carrying amount as at issue date	642,632	114,357
Accrued interest (note 15)	14,284	-
Change in fair value	-	(3,798)
Exchange difference	678	(178)
	657,594	110,381
Carrying amount as at 30 June 2012		
Carrying amount as at 1 January 2013	674,626	59,084
Accrued interest (note 15)	3,256	-
Coupon payment	(13,576)	-
Early repayment premium (note f)	89,954	(59,084)
Repayment (note f)	(754,260)	-
Carrying amount as at 30 June	-	-

10 BORROWINGS (Continued)

Notes: (Continued)

- (f) On 13 January 2013, the Company repaid the outstanding Exchangeable Term Loan in full and redeemed the Senior Secured Guaranteed Bonds in full at redemption price equal to 100% of the principal amount of aforesaid borrowings outstanding thereof which were US\$120,000,000 (equivalent to RMB754,260,000) and RMB2,000,000,000, the accrued and unpaid coupon were US\$2,160,000 (equivalent to RMB13,576,000), and RMB55,250,000 for the Exchangeable Term Loan and the Senior Secured Guaranteed Bonds, respectively, and the applicable premium to the holders of the Exchangeable Term Loan of was US\$9,576,000 (equivalent to RMB60,190,000).

On 28 April 2013, the Company redeemed partial of the outstanding Senior Notes at redemption price equal to 100% of the principal amount of Senior Notes thereof which were US\$388,000,000 (equivalent to RMB2,432,333,000), the accrued and unpaid coupon were US\$43,740,000 (equivalent to RMB274,201,000), and the applicable premium to the bondholders were US\$26,190,000 (equivalent to RMB164,182,000).

On 22 May 2013, the Company redeemed the remaining outstanding Senior Notes at redemption price equal to 100% of the principal amount of the Senior Notes thereof which was US\$260,000,000 (equivalent to RMB1,629,914,000), the accrued and unpaid coupon were US\$2,340,000 (equivalent to RMB14,669,000), and the applicable premium to the bondholders was US\$17,550,000 (equivalent to RMB110,019,000).

The premium for such redemptions amounting to RMB521,042,000 was recognised in finance costs (note 15).

- (g) The Group's bank borrowings of RMB4,536,250,000 (31 December 2012: RMB3,408,750,000) were jointly secured by certain properties, investment properties, land use rights, properties under development and completed properties held for sales of the Group.
- (h) Bank borrowings are guaranteed by:

	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
Group companies		
– Secured	2,988,000	3,126,000
– Unsecured	3,737,316	2,374,771
	6,725,316	5,500,771

11 ADVANCE PROCEEDS AND ADVANCE DEPOSITS RECEIVED

	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
Advance proceeds received from customers (note a)	19,551,871	13,878,568
Advance deposits received from:		
– customers (notes b(i) and (ii))	3,259,024	1,790,824
– non-controlling interests (note b(iii))	2,984,455	1,574,455
	25,795,350	17,243,847

Notes:

- (a) The amount represents deposits and installments received on properties sold to independent third parties after the issuance of pre-sale certificates by local government authorities.
- (b) The amounts represent deposits received from independent third parties and non-controlling interests of a project company on a number of individual property projects of which the pre-sales certificates have yet to be issued by the respective local government authorities.
- (i) Deposits totalling of RMB2,798,200,000 (31 December 2012: RMB1,300,000,000) received from six (31 December 2012: two) independent third parties for purchasing property units of seven (31 December 2012: three) different projects at certain discounts on the sale price which will be determined upon purchase. Should the independent third parties do not proceed with the purchase, the deposits are refundable within a specified period of time according to the agreement.
- (ii) Deposits of RMB460,824,000 (31 December 2012: RMB490,824,000) received from an independent third party for purchasing properties at a pre-determined price upon purchases. Should the independent third party does not proceed with the purchase, the deposits are refundable within 3 years from 20 August 2012, the date of deposits received, according to the agreement.
- (iii) Deposits received from non-controlling interests of two project companies (31 December 2012: one) for purchasing properties at a price reference to market which will be determined upon purchases. Should the non-controlling interests do not proceed with the purchase, the deposits are refundable within a specified period of time according to the agreement.

12 OTHER PAYABLES

	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
Other payables and accruals	1,466,745	1,209,797
Note payables	8,789	208,367
Consideration payables related to purchase of subsidiaries	134,807	170,808
Other taxes payables	102,721	108,419
	1,713,062	1,697,391

13 OTHER GAINS – NET

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Forfeited customer deposits	2,733	–
Consultation service income	–	20,291
Compensation for termination of proposed development projects	31,910	–
Impairment loss on completed properties held for sale	(46,567)	–
Others	13,928	(2,883)
	2,004	17,408

14 EXPENSES BY NATURE

Expenses including cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Auditor's remuneration	1,200	1,200
Advertising and other promotional costs	228,786	148,506
Agency fee	24,319	22,134
Business taxes (note)	248,681	99,807
Cost of properties sold	4,116,603	1,036,404
Donations	39,319	2,610
Legal and professional fees	23,786	20,985
Depreciation (note 6)	30,389	17,960
Amortisation of land use rights (note 6)	2,191	404
Staff costs including directors' emoluments:		
– salaries, wages and staff benefits costs	184,759	147,446
– share option expenses	33,998	18,856
Office expenses	47,679	37,241
Operating lease rental	15,936	13,198
Others	225,798	139,583
	5,223,444	1,706,334

Note:

The PRC companies comprising the Group are subject to business taxes on their revenue at the following rates:

Category	Rate
Sale of properties	5%
Rental income	5%
Property management	5%
Hotel and catering operations	5%

15 FINANCE INCOME AND COSTS

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Finance income		
Interest income on bank deposits	12,840	10,819
Net exchange gains	166,707	–
	179,547	10,819
Finance costs		
Interest expense:		
– Bank borrowings	(435,686)	(311,160)
– Senior notes (note 10(b))	(582,303)	(297,113)
– Convertible Bonds (note 10(c))	(85,737)	(83,162)
– Senior Secured Guaranteed Bonds (note 10(d))	(4,991)	(99,896)
– Exchangeable Term Loan (note 10(e))	(3,256)	(14,284)
Early redemption premium of debts	(521,042)	–
Total interest expense	(1,633,015)	(805,615)
Less: interest capitalised	1,066,057	788,583
	(566,958)	(17,032)
Net exchange losses	–	(18,357)
	(566,958)	(35,389)
Finance costs, net	(387,411)	(24,570)

16 INCOME TAX EXPENSES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

Hong Kong profits tax

No Hong Kong profits tax was provided for the six months ended 30 June 2013 and 2012 as the Group has no assessable profits arising in or derived from Hong Kong for the periods.

PRC enterprise income tax

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2012: 25%).

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% (2012: 30% to 60%) on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the condensed consolidated statement of comprehensive income as income tax.

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Current income tax		
– PRC enterprise income tax	785,822	275,396
– PRC land appreciation tax	16,985	32,216
Deferred income tax	(42,989)	32,897
	759,818	340,509

17 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited	
	Six months ended 30 June	
	2013	2012
Profit attributable to equity holders (RMB'000)	1,024,624	674,815
Weighted average number of ordinary shares in issue	4,909,832,669	4,905,390,000
Basic earnings per share (RMB)	0.209	0.138

17 EARNINGS PER SHARE *(Continued)*

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of RMB1,024,624,000 (2012: RMB674,815,000) and the weighted average of 4,909,832,669 (2012: 4,905,390,000) shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary share outstanding to assume conversion of all dilutive potential ordinary shares. For the period ended 30 June 2013, the Company has the Convertible Bonds and share options (2012: the Convertible Bonds) that have dilutive potential ordinary shares.

The Convertible Bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expenses less the tax effect. For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average periodic market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise in full of the share options.

	Unaudited	
	Six months ended 30 June	
	2013	2012
Profit attributable to equity holders (RMB'000)	1,024,624	674,815
Adjustment for finance cost on Convertible Bonds	85,737	83,162
Profit used to determine diluted earnings per shares (RMB'000)	1,110,361	757,977
Weighted average number of ordinary shares in issue	4,909,832,669	4,905,390,000
Adjustment for the Convertible Bonds	620,000,000	620,000,000
Adjustment for share options	116,385,795	-
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	5,646,218,464	5,525,390,000
Diluted earnings per share (RMB)	0.197	0.137

18 DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2013 and 2012.

19 FINANCIAL GUARANTEES CONTRACTS

The Group had the following financial guarantees as at balance sheet dates:

	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the property units	9,644,408	6,786,174

The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible 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. Such guarantees terminate upon the earlier of (i) issuance of the property ownership certificates which are generally be available within six months to one year after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgage loans by the purchasers of properties.

The Directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

20 COMMITMENTS

Commitments for property development expenditures

	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
Contracted but not provided for	25,611,194	20,922,726

Note: The amount represented capital commitments for land use rights, prepayments for proposed development contracts and construction contracts.

21 ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries and non-controlling interests

During the period ended 30 June 2012, the Group acquired 60% equity interest in Hunan Mingtai Zhiye Development Co., Ltd. (“湖南明泰置業發展有限公司”) incorporated in PRC at a total consideration of approximately RMB72,000,000. For the period ended 30 June 2013, the Group acquired the remaining 40% equity interests of Hunan Mingtai Zhiye Development Co., Ltd with a cash consideration of RMB48,000,000. The company did not operate any business prior to the acquisitions and only held a piece of land or a property under development. Therefore, the Group considered this would be acquisition of assets in substance and as a result the difference between the cash consideration and the net assets acquired would be recognised as adjustments to the carrying value of the lands and properties under development.

Prior to the acquisition, the Group held 60% of the equity interest in Bakai Investments Limited. For the period ended 30 June 2012, the Group acquired the remaining 40% equity interests of Bakai Investments Limited for a cash consideration of US\$4,000 (equivalent to approximately RMB26,000). There are no difference between the purchase consideration paid and the acquired 40% of net asset value of Bakai Investments Limited.

(b) Partial disposal of interest in a subsidiary

For the period ended 30 June 2013, the Group disposed its 9% issued share capital of a subsidiary of the Group, at a consideration of RMB1,800,000 to an independent third party. As such, the Group recognised an increase in non-controlling interest of RMB1,741,000 and an increase in capital reserve of RMB59,000.

(c) Disposal of interest in subsidiaries

For the period ended 30 June 2013, the Group disposed its entire issued share capital of a subsidiary of the Group. The company did not operate any business prior to the disposal and only held assets. Therefore, the Group regarded this disposal as sales of properties and its related to net cash inflow of RMB9,595,000 as cash generated from operations.

(d) Deemed partial disposal of interest in subsidiary without loss of control

For the period ended 30 June 2013, an independent third party have injected capital into a subsidiary of the Group for a total consideration of RMB190,000,000. As a result, the Group's shareholdings of the subsidiary was diluted but without loss of the control. The difference of RMB1,203,000 between the carrying amount of non-controlling interests deemed disposed of and the capital injected was credited as capital reserve in the equity.

22 SHARE OPTION

(a) Pre-IPO Share Option Scheme

Pursuant to the shareholders' resolution passed on 22 November 2009 for adoption of the Pre-IPO Share Option Scheme, options to subscribe for a total of 50,000,000 ordinary shares of the Company have been conditionally granted to 52 eligible participants including directors and selected employees of the Company. The exercise price of HK\$3.105 per share under the Pre-IPO Share Option Scheme is determined at a 10% discount to the global offering price, which was HK\$3.45 per share, excluding brokerage, Securities and Futures Commission transaction levy and the Hong Kong Stock Exchange trading fee.

The share options may be exercised in the following manner: (i) up to one-third of the options granted to a grantee less the number of options that has been exercised (rounded down to the nearest whole number) at any time during the period commencing from the second business day after the publication of the audited financial statements of the Company for the year ended 31 December 2009 and ended on 9 December 2012; (ii) up to one-third of the options granted to a grantee less the number of options that has been exercised (rounded down to the nearest whole number) at any time during the period commencing from the second business day after the publication of the audited financial statements of the Company for the year ended 31 December 2010 and ended on 9 December 2012; and (iii) up to one-third of the options granted to a grantee less the number of options that has been exercised (rounded down to the nearest whole number) at any time during the period commencing from the second business day after the publication of the audited financial statements of the Company for the year ended 31 December 2011 and ended on 9 December 2012. Exercise of options is conditional upon the achievement of the profit target as may be determined by the Board. The Group has no obligation to repurchase or settle the options in cash. These options were fully expired on 9 December 2012.

Details of the movement of the share options under Pre-IPO Share Option Scheme are as follows:

	Unaudited			
	30 June 2013		30 June 2012	
	Weighted average exercise price in HK\$ per share	Number	Weighted average exercise price in HK\$ per share	Number
At 1 January	-	-	3.105	35,450,000
Forfeited during the period	-	-	3.105	(1,550,000)
At 30 June	-	-	3.105	33,900,000

22 SHARE OPTION (Continued)**(a) Pre-IPO Share Option Scheme** (Continued)

On 9 December 2012, all outstanding options lapsed. As at 30 June 2013, no (30 June 2012: 33,900,000) outstanding options granted under Pre-IPO Share Option Scheme were exercisable (note).

Note: Terms of share options at the condensed consolidated balance sheet date were as follows:

Exercise period	Exercise price per share (HK\$)	Number of share options As at	
		30 June 2013	30 June 2012
19/3/2010–9/12/2012	3.105	–	11,187,000
11/3/2011–9/12/2012	3.105	–	11,187,000
31/12/2012–9/12/2012	3.105	–	11,526,000
		–	33,900,000

No share options were granted or granted for adjustment, lapsed or cancelled during the period (2012: nil).

The fair value of the options granted determined using the binomial model was HK\$83,870,000. The significant inputs to the model were share price of HK\$3.45 at the grant date, exercise price of HK\$3.105, volatility of 74%, no expected dividend yield, an expected option life of three years and an annual risk free interest rate of 0.72%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the past three years of similar listed companies.

(b) Share Option Scheme

Pursuant to the shareholders' resolution passed on 22 November 2009, a post-IPO share option scheme ("Share Option Scheme") was conditionally adopted. Pursuant to the terms of the Share Option Scheme, the Company may grant options at its discretion, to any eligible person (including directors, employees, officers of any member of the Group, advisers, consultants, suppliers, agents and customers of any members of the Group). The maximum number of shares which may be issued upon exercise of all options (the "Share Option") granted and yet to be exercised under the Share Option Scheme or any other share option schemes adopted by the Company must not exceed 30% of the Company's shares in issue from time to time.

No options may be granted under the Share Option Scheme after 10 years since the adoption. The vesting periods, exercise periods and vesting conditions may be specified by the Company at the time of the grant, and the options expire no later than 10 years from the relevant date of grant. The exercise price of the option under the Share Option Scheme shall be no less than the highest of (i) the official closing price of the Company's shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (ii) the average of the official closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the date of grant; or (iii) the nominal value of a share of the Company.

22 SHARE OPTION (Continued)**(b) Share Option Scheme** (Continued)

Details of the movement of the share options under Share Option Scheme are as follows:

	Unaudited			
	30 June 2013		30 June 2012	
	Weighted average exercise price in HK\$ per share	Number	Weighted average exercise price in HK\$ per share	Number
At 1 January	1.731	467,230,000	2.159	173,650,000
Granted during the period (Note)	–	–	1.500	326,790,000
Exercised during the period	1.945	(8,385,000)	–	–
Forfeited during the period	1.646	(35,676,000)	1.831	(12,530,000)
At 30 June	1.734	423,169,000	1.726	487,910,000

As at 30 June 2013, 125,759,000 (30 June 2012: 53,070,000) outstanding options granted under the Share Option Scheme were exercisable (note).

Note: Terms of share options at the condensed consolidated balance sheet date were as follows:

Exercise period	Exercise price per share (HK\$)	Number of share options	
		30 June 2013	30 June 2012
10/6/2010–9/6/2015	3.105	8,250,000	8,250,000
30/3/2011–29/3/2016	3.105	8,250,000	8,250,000
24/4/2012–23/4/2017	3.105	8,500,000	8,500,000
23/7/2011–22/7/2020	2.000	22,075,000	28,070,000
23/7/2012–22/7/2020	2.000	23,080,000	28,070,000
23/7/2013–22/7/2020	2.000	24,230,000	28,070,000
23/7/2014–22/7/2020	2.000	24,230,000	28,070,000
23/7/2015–22/7/2020	2.000	24,230,000	28,070,000
6/6/2013–5/6/2022	1.500	55,604,000	64,512,000
6/6/2014–5/6/2022	1.500	56,180,000	64,512,000
6/6/2015–5/6/2022	1.500	56,180,000	64,512,000
6/6/2016–5/6/2022	1.500	56,180,000	64,512,000
6/6/2017–5/6/2022	1.500	56,180,000	64,512,000
		423,169,000	487,910,000

22 SHARE OPTION (Continued)**(b) Share Option Scheme** (Continued)

The Company offered to grant several directors and employees (the “June 2012 Grant”) of 326,790,000 shares respectively of HK\$0.10 each in the capital of the Company on 6 June 2012. The valuation was based on a Binomial Model with the following data and assumptions:

	June 2012 Grant
Fair value under binomial model	HK\$198,688,000
Closing share price at grant date	HK\$1.39
Exercise price	HK\$1.50
Annual risk free interest rate	1.04%
Expected option life	10 years
Expected divided yield	nil

The volatility of the share price of the Company was determined based on the movement of the share price during the previous years. The volatility rate was 44% per annum.

23 RELATED PARTY TRANSACTIONS**(a) Name and relationship with related parties**

Controlling shareholders

Mr. Kwok Chun Wai and Mr. Kwok Ying Shing

(b) Purchasing of services

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Rental expense (note)	813	767

Note: This represents payment of rental expense for various office premises to controlling shareholders Mr. Kwok Chun Wai and Mr. Kwok Ying Shing. The rental expense paid during the period was determined at prevailing market rate of respective office premises.

(c) Key management compensation

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Salaries and other short-term employee benefits	14,090	12,302
Retirement scheme contributions	169	102
Share option benefits	12,060	8,776
	26,319	21,180

OTHER INFORMATION

CORPORATE GOVERNANCE

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. For the six months ended 30 June 2013, the Board is of the view that, for the period from 1 January 2013 to 30 June 2013, the Company has complied with the code provisions on the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

CHANGES OF BOARD COMPOSITION AND UPDATED INFORMATION REGARDING THE DIRECTORS

There was no change to the board composition for the six months ended 30 June 2013.

AUDIT COMMITTEE

The Audit Committee assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The members of the Audit Committee are all of the Independent Non-Executive Directors, namely Mr. Rao Yong, Mr. Zhang Yizhao and Mr. Fok Hei Yu. Mr. Rao Yong is the Chairman of the Audit Committee.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the Group's unaudited consolidated interim results for the six months ended 30 June 2013. In addition, the independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim results for the six months ended 30 June 2013 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors. Specific confirmation has been obtained from all Directors to confirm compliance with the required standard set out in the Model Code for six months ended 30 June 2013. No incident of non-compliance was noted by the Company to date. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code for six months ended 30 June 2013.

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

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listing securities.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2013 (2012: Nil).