



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

2015
INTERIM REPORT



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. KWOK Ying Shing *(Chairman)*

Mr. SUN Yuenan *(Vice Chairman)*

Mr. YU Jianqing

Mr. ZHENG Yi

Non-Executive Director

Ms. CHEN Shaohuan

Independent Non-Executive Directors

Mr. RAO Yong

Mr. ZHANG Yizhao

Mr. LIU Xuesheng

AUDIT COMMITTEE

Mr. RAO Yong *(Chairman)*

Mr. ZHANG Yizhao

Ms. CHEN Shaohuan

REMUNERATION COMMITTEE

Mr. ZHANG Yizhao *(Chairman)*

Mr. RAO Yong

Mr. KWOK Ying Shing

NOMINATION COMMITTEE

Mr. KWOK Ying Shing *(Chairman)*

Mr. RAO Yong

Mr. ZHANG Yizhao

AUTHORISED REPRESENTATIVES

Mr. SUN Yuenan

Mr. YU Jianqing

COMPANY SECRETARY

Mr. HABIBULLAH Abdul Rahman

REGISTERED OFFICE

Cricket Square

Hutchins Drive

PO 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

Industrial and Commercial Bank of China Limited

Ping An Bank Company Limited

China Citic Bank Corporation Limited

LEGAL ADVISERS

As to Hong Kong and U.S. law:

Sidley Austin

As to PRC law:

King & Wood Mallesons

As to Cayman Islands law:

Harney Westwood & Riegels

AUDITORS

Grant Thornton Hong Kong Limited

LISTING INFORMATION

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

COMPANY'S 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, the "**Group**"), I present the interim results of the Group for the six months ended 30 June 2015 together with the restated comparative figures for the previous corresponding period.

I would like to express our sincerest and utmost appreciation to all the shareholders of the Company, investors, business partners and other stakeholders for their patience and continued support to the Company despite the suspension of trading in the shares of the Company (the "**Shares**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 31 March 2015. For the resumption progress, please refer to the section headed "Resumption Progress" in this report.

RESULTS AND DIVIDEND

For the six months ended 30 June 2015, the Group recorded a turnover of approximately RMB4,075.7 million, representing a decrease of 40.0% as compared to the corresponding period in 2014. The Group recorded a gross loss of approximately RMB202.0 million in the first half of 2015 as compared to gross profit of approximately RMB2,159.8 million in the corresponding period of 2014. Loss attributable to equity holders of the Company and basic loss per share were approximately RMB180.3 million and RMB3.5 cents, respectively, as compared to the profit attributable to equity holders of the Company of approximately RMB238.0 million and basic earnings per share of RMB4.8 cents, respectively, in the corresponding period of 2014.

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2015 (30 June 2014: nil).

BUSINESS REVIEW

During the first half of 2015, the real estate market in China entered into a "new normal" phase, featuring adjustments and consolidation within the industry and moderating growth. The market had started to exhibit signs of picking up and returned to a normal trajectory with pressure from excessive inventory beginning to relief.

The corrections and volatility in the market intensified differentiation in terms of transaction volumes and product structures among cities and regions, and among different industry participants. Upper-tier cities saw better growth while lower-tier cities were subject to heavier inventory pressure with slower sales. Units targeting at home-improvement demand experienced significant recovery while units targeting at first-time occupier-buyers were still volume drivers for the whole market. At the same time, the industry continued to consolidate with large-scale developers seeking project joint venture or acquisition opportunities with those smaller and less resourceful peers, leading to more intensified concentration within the industry.

The Group achieved contracted sales aggregating RMB3,075 million, down 72% from the last corresponding period due to blockage and restriction for certain property projects by the relevant government authorities since November 2014.

With respect to land acquisitions, the Group stayed focused on first and second tier cities and provincial capitals. As at 30 June 2015, 79.7% of the Group's land reserves were located in first and second tier cities. The ongoing optimisation of the Group's land bank helped secure high-quality resources for its expansion, strengthening its resilience against cyclical adjustments in the industry.

INVESTOR RELATIONS

The Company is devoted to maintaining effective communication with its shareholders and investors through regulatory filing, announcements and meetings, in order to keep them updated with the Company's recent developments. The Group values inputs from investors and reviews its operational and financial management from time to time.

PROSPECTS

Activities in the residential property market in China in 2017 are expected to retreat from the highs seen 2016 due to purchasing and mortgage borrowing restrictions introduced in the second half of 2016. The high comparison base set in 2016 and the shrinking owner-occupier and investment demand due to the purchase and borrowing restrictions will contribute to slower growth in transaction volumes with narrower upsides for prices.

ACKNOWLEDGEMENT

The Board will continue to mitigate the negative impact and implement measures to manage any operational and reputational risks of the Group, and realise and enhance core strengths of the Group for its sustainable development.

I would like to take this opportunity to extend my sincerest gratitude to all of our shareholders for their enormous support on us during the period. Our staff members have been serving the Group with their most dedicated efforts that, when coupled with support from our business partners and creditors, have fueled our courage and resilience to work with the relevant authorities and parties to resolve the whole situation surrounding us. On behalf of the Board, I would like to express my wholehearted tribute to all shareholders of the Company, investors, business partners and customers.

KWOK Ying Shing

Chairman

Hong Kong, 25 March 2017

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

For the first half of 2015, the Group's contracted sales and the gross floor area ("GFA") sold amounted to approximately RMB3.08 billion and 530,394 sq.m., representing decline of 72% and 44% year-on-year, respectively. This is due to the blockage and restriction imposed by the relevant government authorities on certain projects since November 2014. Contracted average selling price (the "ASP") decreased by 51% year-on-year to RMB5,798 per sq.m.. The table below shows the Group's contracted sales by region in the first half of 2015:

Region	Contracted sales area sq.m.	Contracted sales amount RMB in millions
Pearl River Delta	78,277	675
Yangtze River Delta	54,872	439
Western China Region	208,151	1,095
Central China Region	94,646	450
Pan-Bohai Bay Rim	94,448	416
Total	530,394	3,075

For the six months ended 30 June 2015, the Group recorded a turnover of approximately RMB4,075.7 million, representing a decrease of 40.0% as compared to the corresponding period in 2014. Loss attributable to equity holders of the Company amounted to approximately RMB180.3 million as compared to profit attributable to equity holders of the Company of approximately RMB238.0 million in the last corresponding period. The Group's net loss for the six months ended 30 June 2015 excluding changes in fair values of financial derivatives and of investment properties net of corresponding deferred taxes, amounted to approximately RMB1,546.0 million (2014: net profit of approximately RMB150.5 million). Basic loss per share was RMB3.5 cents, as compared to basic earnings per share of RMB4.8 cents in the last corresponding period.

PROPERTY DEVELOPMENT

1. Projects completed for the six months ended 30 June 2015

The Group adopts a strict and prudent practice in project development and adjusts its pace of business expansion as and when appropriate. For the six months ended 30 June 2015, the GFA of newly completed projects of the Group amounted to approximately 1.1 million sq.m..

2. Projects under development

As at 30 June 2015, the Group had 36 projects under development with an aggregate of GFA of approximately 8.2 million sq.m..

3. Property management

The Group provides property management services to properties developed by the Group. During the period under review, the Group managed a total floor area of approximately 18.1 million sq.m.. In June 2015, Kaisa was ranked 15th in "2015 China Top 100 Property Management Companies" jointly compiled by China Index Research Institute and China Real Estate Top 10 Research Team. The Group's property management arm is striving to deliver excellent and professional services to its customers.

4. Investment properties

The Group adopts a diversified business strategy, characterised 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 2015, the Group held an aggregate GFA of 383,278 sq.m. completed investment properties for rental purpose.

LAND BANK

It remains an ongoing effort of the Group to expand and rebalance its land reserve to implement the business strategy of rapid turnover model. As at 30 June 2015, the Group had a total land bank of approximately 21.7 million sq.m., which is sufficient for the Group's development needs for the next five years.

OUTLOOK

The management believes that with the stimulus package promulgated by the Central Government on restoring market momentum, activities in the country's real estate market will be on track to more normal levels than in the previous years.

However, the inventory for the industry as a whole will remain high. The stimulus package will unleash demand in upper-tier cities, in anticipation of having this momentum trickling down to lower-tier cities to help alleviate inventory clearance pressure further.

The Group will continue to adhere to its core businesses of building, selling and managing premium-quality residential properties in key cities, and to work diligently on its key urban redevelopment projects in Shenzhen and neighboring regions. Meanwhile, it will continue initiatives in rebalancing the geographical coverage of its projects and land reserves, with more emphases on upper-tier cities. This hopefully will make the Group's product portfolio available for sale more comprehensive and accommodating to market demand, thereby improving its overall profit margin and profitability.

FINANCIAL REVIEW

Revenue

The Group's revenue was primarily derived from five business segments: (i) property development, (ii) property investment, (iii) property management, (iv) hotel and catering operations, and (v) cinema, department store and cultural centre operations. Revenue decreased by 40.0% to approximately RMB4,075.7 million for the six months ended 30 June 2015 from approximately RMB6,792.5 million for the corresponding period in 2014. 92.5% of the Group's revenue was generated from the sales of properties (2014: 96.3%) and 7.5% from other segments (2014: 3.7%).

Sales of properties

Revenue from sales of properties decreased by approximately RMB2,771.1 million, or 42.4%, to approximately RMB3,769.4 million for the six months ended 30 June 2015 from approximately RMB6,540.5 million for the corresponding period in 2014. The decrease was primarily attributable to a decrease in the sales of properties under development and proposed development projects.

Since November 2014, processing and filing of the sale and purchase agreements for unsold units of some property projects of the Group in Shenzhen were blocked (the "**Blockage**") and a number of unsold units in those projects were subject to freezing order imposed by local courts in the PRC (the "**Seizure**"). All Seizure and the Blockage were lifted by July 2016.

Rental income

Revenue from rental income increased by approximately RMB16.6 million, or 17.7%, to approximately RMB110.9 million for the six months ended 30 June 2015 from approximately RMB94.2 million for the corresponding period in 2014. The increase was primarily attributable to the increased rental space and higher rental rates.

Property management

Revenue from property management service increased by approximately RMB37.9 million, or 45.1%, to approximately RMB121.8 million for the six months ended 30 June 2015 from approximately RMB83.9 million for the corresponding period in 2014. The increase was primarily attributable to the increased GFA under property management.

Hotel and catering operations

Revenue from hotel and catering operations of the Group increased by approximately RMB2.9 million, or 10.6% to approximately RMB30.1 million for the six months ended 30 June 2015, from approximately RMB27.3 million for the corresponding period in 2014. The increase was mainly attributable to our business expansion in the Pearl River Delta.

Cinema, department stores and cultural centre operations

Revenue from cinema, department stores and cultural centre operations decreased by approximately RMB3.2 million, or 6.8%, to approximately RMB43.5 million for the six months ended 30 June 2015 from approximately RMB46.6 million in the corresponding period in 2014.

Gross (loss)/profit

The Group recorded a gross loss of approximately RMB202.0 million and a gross loss margin of 5.0% for the six months ended 30 June 2015 respectively, as compared to a gross profit of approximately RMB2,159.8 million and a gross profit margin of 31.8% in the corresponding period of last year. The decrease in gross profit margin was primarily attributable to higher construction cost per sq.m. of property sales recognised for the six months ended 30 June 2015 as compared to the corresponding period in 2014.

Selling and marketing costs

The Group's selling and marketing costs decreased by approximately RMB242.1 million, or 58.1%, to approximately RMB174.9 million for the six months ended 30 June 2015 from approximately RMB417.1 million for the corresponding period in 2014. The decrease in selling and marketing costs was in line with the decrease in the contracted sales for the six months ended 30 June 2015.

Administrative expenses

The Group's administrative expenses decreased by approximately RMB39.8 million, or 9.6%, to approximately RMB374.6 million for the six months ended 30 June 2015 from approximately RMB414.4 million for the corresponding period in 2014. The decrease was primarily attributable to the decrease in staff costs and other administrative expenses.

Changes in fair value of investment properties

The changes in fair value of the Group's investment properties for the six months ended 30 June 2015 was in line with the prevailing market conditions of general increases in rental levels of comparable properties.

Changes in fair value of financial derivatives

The Group has entered into forward foreign exchange contracts under the 2012 ISDA Master Agreement with The Hongkong and Shanghai Banking Corporation Limited, as the swap counterparty, to manage the Group's foreign exchange rate risk arising from the issuance of the Senior Notes April 2013. The loss on changes in fair value of the Group's financial derivatives of approximately RMB42.2 million in the first half of 2015 was mainly attributable to the depreciation of Renminbi against the U.S. dollar for the six months ended 30 June 2015.

Finance costs – net

The Group's net finance costs amounted to approximately RMB503.4 million for the six months ended 30 June 2015, as compared to approximately RMB130.5 million for the corresponding period in 2014. The changes were mainly due to the increase in net interest expenses incurred and lower interest income received for the six months ended 30 June 2015.

Income tax expenses

The Group's income tax expenses decreased by approximately RMB109.0 million, or approximately 14.1%, to approximately RMB665.6 million for the six months ended 30 June 2015 from approximately RMB774.6 million for the corresponding period in 2014. The decrease was primarily attributable to the significant increase in the net loss for the six months ended 30 June 2015 excluding changes in fair values of financial derivatives and investment properties net of corresponding deferred taxes.

Loss for the six months ended 30 June 2015

As a result of the foregoing, the Group's loss for the six months ended 30 June 2015 amounted to approximately RMB138.4 million (2014: Profit of approximately RMB261.0 million). The Group's net loss excluding changes in fair value of finance derivatives and investment properties, net of deferred tax for the six months ended 30 June 2015 was approximately RMB1,546.0 million (2014: net profit of approximately RMB150.5 million).

Liquidity, financial and capital resources

Cash position

As at 30 June 2015, the carrying amount of the Group's cash and bank deposits was approximately RMB1,845.5 million (31 December 2014: approximately RMB4,464.0 million), representing a decrease of 58.7% as compared to that as at 31 December 2014. 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 2015, 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 RMB978.0 million as at 30 June 2015 (31 December 2014: approximately RMB1,078.3 million).

Convertible bonds

On 20 December 2010, the Company issued RMB1.5 billion US\$ 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. The conversion price was adjusted downward to HK\$2.64 per share following the payment of a final dividend in 2013. Based on the conversion price of HK\$2.64 and assuming full conversion of the Convertible Bonds at such conversion price, the Convertible Bonds would be convertible into 662,184,424 new ordinary Shares. The conversion rights attaching to the Convertible Bonds have not been exercised during the six months ended 30 June 2015. The proceeds from the issue of the Convertible Bonds were applied in accordance with the specified uses previously disclosed in the Company's announcement dated 2 December 2010. In July 2016, the Convertible Bonds were exchanged into mandatorily exchangeable bonds. Details of mandatorily exchangeable bonds were set out in the Company's announcement dated 17 March 2016.

Senior Notes

Details of the senior notes of the Company as at 30 June 2015 are set out below:

- (a) 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 the Group's property projects and refinancing the Group's indebtedness and general corporate use.
- (b) 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 the Group's exchangeable term loan in the aggregate amount of US\$120 million and RMB2.0 billion US\$ settled 8.5% senior secured guaranteed bonds due 2014 and general corporate use.

- (c) Senior notes due 2018
On 19 March 2013, the Company issued US\$550 million 8.875% senior notes due 2018 for the purpose of partially refinancing the Group's 13.5% senior notes due 2015 denominated in US\$, refinancing the Group's existing and new property projects ("**Senior Notes March 2013**") and general corporate use. On 13 January 2014, the Company issued additional 8.875% senior notes due 2018 in the principal amount of US\$250 million (the "**Senior Notes January 2014**") for the purpose of funding the Group's existing and new property projects, refinancing the Group's indebtedness and general corporate use.
- (d) 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 fully refinancing the Senior Notes March 2013 and general corporate use.
- (e) Senior notes due 2019
On 6 June 2014, the Company issued US\$400 million 9% senior notes due 2019 (the "**Senior Notes June 2014**") for the purpose of funding the Group's existing and new property projects, refinancing the Group's indebtedness and general corporate use.

The Senior Notes 2012, the Senior Notes January 2013, the Senior Notes March 2013, the Senior Notes January 2014, the Senior Notes April 2013 and the Senior Notes June 2014 (collectively, the "**Existing Senior Notes**") were exchanged into five new tranches of notes maturing 31 December 2019, 30 June 2020, 31 December 2020, 30 June 2021 and 31 December 2021 (the "**New Senior Notes**") on July 2016. The New Senior Notes have terms substantially similar to the Existing Senior Notes.

Borrowings and charges on the Group's assets

As at 30 June 2015, the Group had aggregate borrowings of approximately RMB67,300.9 million, of which approximately RMB52,267.6 million will be repayable within 1 year, approximately RMB14,065.0 million will be repayable between 2 and 5 years and approximately RMB968.3 million will be repayable over 5 years. As at 30 June 2015, the Group's bank loans of approximately RMB37,875.7 million were secured by plant and equipment, land use rights, investment properties, properties under development, completed properties held for sale and certain shares of the Group's Subsidiaries of the Group with total carrying values of approximately RMB46,032.5 million. As at 30 June 2015, the existing Senior Notes and the Convertible Bonds were secured by the share pledge of certain of the subsidiaries incorporated outside of the PRC, and joint and several guarantees given by certain subsidiaries of the Company. 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. The Group's interest rate risk is mainly from the floating interest rate of domestic bank loans.

Key Financial Ratios

As at 30 June 2015, the Group had a leverage ratio (i.e. its net debts (total borrowings, net of cash and cash equivalent, short-term bank deposits, restricted cash and long-term bank deposits) over total assets) of 53.9% (31 December 2014: 50.8%). The Group's net current assets increased by 4.0 times from approximately RMB2,947.3 million as at 31 December 2014 to approximately RMB11,646.1 million as at 30 June 2015, and the current ratio increased from 1.0 times as at 31 December 2014 to 1.1 times as at 30 June 2015.

Cost of borrowings

For the six months ended 30 June 2015, the Group's total cost of borrowings was approximately RMB3,011.5 million, representing an increase of approximately RMB801.3 million or 36.3% as compared to the corresponding period in 2014. The increase was primarily attributable to higher average debt balance for the six months ended 30 June 2015 as compared to the corresponding period in 2014.

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 which operate in Hong Kong have recognised assets and liabilities in currencies other than RMB. As at 30 June 2015, the Group had cash balances denominated in US\$ of approximately RMB110.2 million, and in HK\$ of approximately RMB33.2 million and the Senior Notes 2012, Senior Notes January 2013, Senior Notes March 2013, Senior Notes January 2014 and Senior Notes June 2014 in US\$ with an aggregate outstanding principal amount of US\$1,950.0 million, and other offshore banking facilities denominated in US\$ and HK\$, of US\$159.5 million and HK\$913.0 million respectively, 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.

On 22 April 2013, in connection with the Senior Notes April 2013, the Company entered into an arrangement with an offshore bank to manage the Group's currency risk by using Renminbi-to-U.S. dollar currency swaps and converted borrowings of RMB1.8 billion to approximately US\$291.0 million through currency swap.

On 27 August 2014, in connection with the Senior Notes June 2014, the Company entered into an arrangement with an offshore bank to manage the Group's currency risk by using Hong Kong dollar-to-Renminbi currency swaps and converted borrowings of HK\$400 million to approximately RMB317.2 million through currency swap.

Financial guarantees

As at 30 June 2015, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to the Group's customers amounting to approximately RMB15,252.6 million (31 December 2014: approximately RMB15,337.2 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by a purchaser, the Group would be responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchaser to the bank, but the Group 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.

Employees and remuneration policy

As at 30 June 2015, the Group had approximately 7,621 employees (31 December 2014: approximately 9,846 employees). The related employees' costs (including the directors' remuneration), for the six months ended 30 June 2015 amounted to approximately RMB221.4 million. 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. The Group provides trainings for its employees so that new employees can master the basic skills required to perform their functions and existing employees can upgrade or improve their production skills. Further, the Company adopted the share option scheme on 22 November 2009. Further information of such share option scheme has been set out in the annual report of the Company for the year ended 31 December 2014.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

There were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures for the six months ended 30 June 2015. Save as disclosed in this report, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this report.

PROJECT PORTFOLIO

AS AT 30 JUNE 2015

No.	Project	Address	Location	Type ⁽¹⁾
The Pearl River Delta				
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 Kaisa Peninsula Resort	Yingbin Avenue, Dapeng New District	Shenzhen	Commercial
14	Shenzhen Kaisa Yuefeng Garden	Bulong Road, Bantian, Longgang District	Shenzhen	Residential
15	Shenzhen Yantian Project ⁽⁸⁾	Mingzhu Avenue, Yantian District	Shenzhen	Residential
16	Shenzhen Dapeng Xiasha Project ⁽³⁾	Xiasha Community, Dapeng Street, Dapeng New District	Shenzhen	Commercial
17	Shenzhen Kaisa Qianhai Plaza	Junction of Yueliangwan Avenue and Mianshan Road, Nanshan District	Shenzhen	Residential
18	Guangzhou Jinmao ⁽²⁾⁽⁷⁾	No. 191 Tiyu West Road, Tianhe District	Guangzhou	Commercial
19	Guangzhou Kaisa Plaza	No. 78 Huangpu Avenue West, Zhujiang New Town, Tianhe District	Guangzhou	Commercial
20	Guangzhou Monarch Residence	No. 99 Jiangnan Avenue Central, Haizhu District	Guangzhou	Residential
21	Guangzhou Kaisa Mansion No. 1	No.555 Huangpu Avenue, Financial Center, Tianhe District	Guangzhou	Residential
22	Guangzhou Tongbao Project	Tongbao Road, Guangzhou Avenue North, Baiyun District	Guangzhou	Residential
23	Guangzhou Sky Mansion	Lot No.20, Meihua Garden, Shatai Road, Baiyun District	Guangzhou	Residential
24	Guangzhou Kaisa City Plaza	Lot No. 49, Nangang, Yunpu Industrial Zone, Huangpu District	Guangzhou	Residential
25	Foshan Shunde Kaisa Mocha Town	Lot No.1, South of the Central District, Xingtian Town, Shunde District	Foshan	Residential

No.	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.)	
The Pearl River Delta							
1	1-8	160,514	580,135	580,135	-	-	100%
2	1-7	185,724	735,299	735,299	-	-	100%
3	-	5,966	98,241	98,241	-	-	100%
4	1-5	182,064	388,626	388,626	-	-	100%
5	-	57,984	143,796	143,796	-	-	100%
6	1-4	102,439	394,663	394,663	-	-	100%
7	-	9,066	105,830	105,830	-	-	100%
8	-	45,829	231,572	231,572	-	-	100%
9	-	14,411	142,000	-	-	142,000	100%
10	-	5,241	124,479	124,479	-	-	100%
11	1-4	242,172	1,548,278	327,904	606,847	613,527	100%
12	-	19,393	138,892	138,892	-	-	100%
13	1-2	48,256	186,466	186,466	-	-	100%
14	1-2	47,890	165,455	165,455	-	-	100%
15	1-3	128,902	646,937	100,211	-	546,726	100%
16	1-4	429,560	516,030	-	-	516,030	51%
17	1-2	49,582	295,749	146,060	-	149,689	51%
18	-	14,192	233,322	233,322	-	-	100%
19	-	7,106	117,522	117,522	-	-	100%
20	-	7,707	56,666	56,666	-	-	100%
21	-	15,178	86,138	-	86,138	-	100%
22	1-2	65,627	230,577	-	-	230,577	100%
23	-	19,671	80,854	-	80,854	-	100%
24	1-4	190,742	776,317	-	333,177	443,140	100%
25	1-2	71,200	234,422	234,422	-	-	100%

Project Portfolio (continued)

No.	Project	Address	Location	Type ⁽¹⁾
26	Foshan Shunde Kaisa Shangpin Garden	Linshang North Road, Beijiao New Town, Shunde District	Foshan	Residential
27	Foshan Shunde Kaisa Golden World	West of Waihuang Road, Ronggui Town, Shunde District	Foshan	Residential
28	Dongguan Zhongyang Haomen	Longsheng Road, Xincheng District, Shilong Town	Dongguan	Residential
29	Dongguan Dongjiang Haomen	South of Dongjiang Road, Yangwu Village and Qishi Village, Qishi Town	Dongguan	Residential
30	Dongguan Shui'an Haomen	Fengshen Avenue, Fenggang Town	Dongguan	Residential
31	Dongguan Dijingwan	Jinshawan Square, Xincheng District, Shilong Town	Dongguan	Residential
32	Dongguan Le Grand Bleu	Xinwei Village Group, Qisha Village, Shatian Town	Dongguan	Residential
33	Dongguan Oasis Town	Junction of Huancheng Road and Green Road, Xiping Community, Nancheng District	Dongguan	Residential
34	Dongguan Yulongshan Garden	Jinzhou Community, Humen Town	Dongguan	Residential
35	Dongguan Shilong Project ⁽³⁾	Junction of Jiangnan Middle Road and Xihu No. 1 Road, Xihu District, Shilong Town	Dongguan	Residential
36	Dongguan Fenggang Project ⁽³⁾	Junction of Dongshen Road and Bihu Avenue, Fenggang Town	Dongguan	Residential
37	Huizhou Kaisa Mansion No. 1	Gutang'ao Miaozaikeng	Huizhou	Residential
38	Huizhou Kaisa Center ⁽⁶⁾⁽⁸⁾	No. 18 Sub-district, Jiangbei, Huicheng District	Huizhou	Commercial
39	Huizhou Yuan Zhou Project ⁽⁴⁾	Tanjiao Section, Liangwu Gaotou Village, Yuanzhou Town, Boluo County	Huizhou	Residential
40	Huizhou Riverbank New Town	Jiangnan Section, Cuimeiyuan Village Committee, Hengkeng, Luoyang Town, Boluo County	Huizhou	Residential
41	Huizhou Huidong Yapojiao Project	Huangbujiao Section, Lianfeng Village, Renshan Town, Huidong County	Huizhou	Residential
42	Zhuhai Lake View Waldorf Garden	Shangsha Street, Wanzai, Xiangzhou District	Zhuhai	Residential
43	Zhuhai Golden World	North of Huangyang Avenue, South of Wangbao Reservoir, Jintaisi, Doumen Town, Doumen District	Zhuhai	Residential
The Western China Region				
44	Chengdu Kaisa Monarch Residence	Erjiangsi Village, Huayang Town, Shuangliu County	Chengdu	Residential
45	Chengdu Lijing Harbour	Group 1 and 2, Huafeng Village, Yongquan Street, Wenjiang District	Chengdu	Residential
46	Chengdu Modern Town	Yingchunqiao, Dongsheng Sub-district Office, Shuangliu County	Chengdu	Commercial
47	Chengdu Kaisa Mansion No.8	Sanzhiq South Area, Dongsheng Street, Shuangliu County	Chengdu	Residential
48	Chengdu Kaisa City Plaza	Group 1 and 2, Machang Village, Wenjia Street Office, Qingyang District	Chengdu	Residential
49	Chengdu Kaisa Leading Town	Group 6 and 7, Taiji Community, Gongping Street Office, Wenjiang District	Chengdu	Residential
50	Nanchong Kaisa Plaza	No. 39, Zhengyang East Road, Shunqing District	Nanchong	Residential
51	Nanchong Monarch Residence	No. 308, Baituba Road, Shunqing District	Nanchong	Residential
52	Chongqing Kaisa Plaza	Longzhouwan Street, Banan District	Chongqing	Residential
53	Chongqing Kaisa Bright Harbour	Baqiao Town, Dadukou District	Chongqing	Residential

No.	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.)	
26	-	32,819	98,021	98,021	-	-	100%
27	1-9	197,584	645,921	247,595	179,236	219,090	100%
28	1-4	82,742	377,481	377,481	-	-	100%
29	1-3	86,324	243,296	243,296	-	-	100%
30	1-2	70,734	200,386	200,386	-	-	80%
31	-	46,474	155,432	155,432	-	-	100%
32	1-4	239,050	525,934	-	217,023	500,061	100%
33	-	65,021	150,772	150,772	-	-	100%
34	-	33,910	109,180	-	109,180	-	100%
35	-	5,567	10,131	-	-	10,131	100%
36	-	140,022	303,258	-	-	303,258	100%
37	-	89,998	260,577	-	260,577	-	100%
38	1-3	70,859	734,076	104,644	629,432	-	100%
39	-	20,400	61,200	-	-	61,200	100%
40	1-10	1,663,969	4,326,239	189,329	424,679	3,712,231	100%
41	1-3	169,331	295,754	-	-	295,754	100%
42	1-4	164,354	550,431	110,989	69,327	370,115	100%
43	1-4	192,711	325,487	96,192	171,360	57,935	100%
The Western China Region							
44	1-6	182,666	1,041,531	1,041,531	-	-	100%
45	1-7	150,071	761,542	761,542	-	-	100%
46	1-2	133,269	362,420	362,420	-	-	100%
47	1-6	120,570	633,275	340,848	-	292,427	80%
48	1-4	112,195	460,901	-	268,097	192,804	100%
49	1-2	57,837	342,533	-	236,017	106,516	100%
50	-	29,541	116,390	116,390	-	-	100%
51	1-8	256,187	813,638	603,127	210,511	-	100%
52	1-2	84,980	369,035	-	216,853	152,182	100%
53	1-10	324,330	986,637	-	247,876	738,761	100%

Project Portfolio (continued)

No.	Project	Address	Location	Type ⁽¹⁾
The Pan-Bohai Bay Rim				
54	Shenyang Kaisa Center ⁽⁸⁾	East of Qingnian Avenue, Shenhe District	Shenyang	Commercial
55	Yingkou Dragon Bay	Junction of Xinxin Road and Bohai Street, Laobian District	Yingkou	Residential
56	Yingkou Monarch Residence	West of Xuefu Road, East of Shifu Road, South of New Donghai Street, Laobian District	Yingkou	Residential
57	Anshan Lake View Waldorf	Shengli Bei Road, Lishan District	Anshan	Residential
58	Anshan Monarch Residence ⁽³⁾	South of Ziyou Dong Street, East of Anqian Road, Lishan District	Anshan	Residential
59	Anshan Kaisa Plaza ⁽²⁾⁽³⁾⁽⁶⁾	Renmin Road, Tiexi District	Anshan	Commercial
60	Benxi Lake View Place	Binhe Bei Road, Mingshan District	Benxi	Residential
61	Panjin Kaisa Center	No. 1, Shifu Avenue, Xinglongtai District	Panjin	Residential
62	Huludao Suizhong Kaisa Dongdaihe ⁽³⁾	South of Binhai Road, Dongdaihe New Zone, Suizhong County	Huludao	Residential
63	Weifang Kaisa Golden World	North of Bailanghe Reservoir Dam, South of Weijiao Road	Weifang	Residential
64	Qingdao Kaisa Lake View Place	East of Zhongjinger Road, West of Wangsha Road and South of Baishahe, Xiazhuang Street, Chengyang District	Qingdao	Residential
65	Dandong Kaisa Mansion No. 1	South of Huanghai Street, Zhenxing District	Dandong	Residential
66	Liaoyang Gongchangling Project	Tanghe Town, Gongchangling District	Liaoyang	Residential
67	Dalian Kaisa Center	Donggang Business District, Zhongshan District	Dalian	Commercial
68	Dalian Kaisa Plaza	No. 271, Tianjin Street, Zhongshan District	Dalian	Commercial
The Central China Region				
69	Changsha Lake View Place	Jinping Village, Tiaoma County	Changsha	Residential
70	Changsha Kaisa Times Square	Yingpan Dong Road, Furong District	Changsha	Residential
71	Changsha Meixi Lake Project	Meixi Lake, Yuelu District	Changsha	Residential
72	Zhuzhou Golden World	Liyu Central Business Area, Tianyuan District	Zhuzhou	Residential
73	Wuhan Golden World	Junction of Baisha Road and Qingling Dong Road, Qingling County, Hongshan District	Wuhan	Residential
74	Wuhan Kaisa Mansion No.1	North of Zhiyin Avenue and West of Yangcheng West Road, Hanyang District	Wuhan	Residential
The Yangtze River Delta				
75	Jiangyin Lake View Place	South of Xinhua Road, West of Dongwaihuan Road and North of Renmin Dong Road	Jiangyin	Residential
76	Jiangyin Gushan Mocha Town	South of Golden Gushan Garden and West of Xingfu Avenue, Gushan Town	Jiangyin	Residential
77	Jiangyin Kaisa Plaza ⁽⁸⁾	No. 1091, Ren Min Dong Road	Jiangyin	Residential
78	Jiangyin Zhouzhuang Golden World	East of Zhouxi Dong Road, Zhouzhuang Town	Jiangyin	Residential
79	Jiangyin Changjing Lake View Waldorf	East of Xinglong Road, South of Dongshun Road, Changjing Town	Jiangyin	Residential
80	Jiangyin Tonghui Garden	South of Tongfu Road, West of Tongjiang Road, North of Tonghui Road	Jiangyin	Residential
81	Jiangyin Fuqiao Homeland	South of Binjiang Road, West of Tongdu Road, North of Chengxi Road	Jiangyin	Residential
82	Changzhou Phoenix Lake No.1	South of Qingyang Road, Xuejia Town, Xinbei District	Changzhou	Residential
83	Taizhou Kaisa Mansion No.1	West of No. 11 Road, North of Chenzhuang Road, Taizhou Economic Development Zone	Taizhou	Residential

No.	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.)	
The Pan-Bohai Bay Rim							
54	-	21,423	292,331	-	292,331	-	100%
55	-	220,669	593,302	333,391	-	259,911	100%
56	-	71,922	233,745	233,745	-	-	100%
57	1-2	257,090	390,325	206,590	-	183,735	100%
58	1-2	129,739	389,216	-	-	389,216	100%
59	-	11,238	80,284	72,264	-	8,020	100%
60	-	122,200	323,120	253,271	69,849	-	100%
61	1-2	52,812	355,786	170,716	-	185,070	100%
62	1-4	1,269,571	1,976,565	47,581	914,084	1,014,900	100%
63	1-4	128,018	131,112	-	131,112	-	100%
64	1-3	229,864	393,353	-	267,868	125,485	100%
65	1-4	133,340	331,542	-	124,946	206,596	100%
66	-	372,427	256,975	-	-	256,975	100%
67	-	26,610	156,239	-	156,239	-	100%
68	-	15,955	78,454	78,454	-	-	100%
The Central China Region							
69	1-4	673,536	938,203	814,532	123,671	-	100%
70	-	21,770	108,731	108,731	-	-	100%
71	1-3	147,067	444,314	-	78,634	365,680	100%
72	1-3	222,182	597,728	597,728	-	-	100%
73	1-3	181,493	605,941	423,815	182,126	-	100%
74	1-2	40,351	156,136	-	156,136	-	100%
The Yangtze River Delta							
75	1-3	225,533	272,274	272,274	-	-	100%
76	1-4	76,465	132,849	132,849	-	-	100%
77	1-3	158,240	553,177	553,177	-	-	100%
78	1-2	103,589	220,546	220,546	-	-	100%
79	1-2	93,275	149,763	149,763	-	-	100%
80	-	41,440	73,615	73,615	-	-	100%
81	-	35,801	134,535	-	134,535	-	100%
82	1-2	101,819	253,356	253,356	-	-	100%
83	1-3	192,505	327,304	73,408	-	253,896	51%

Project Portfolio (continued)

No.	Project	Address	Location	Type ⁽¹⁾
84	Shanghai Shanhuwan Garden	No.4333 Alley, Haima Road, Haiwan Town, Fengxian District	Shanghai	Residential
85	Shanghai Shangpin Garden	Kangfeng North Road and Kangnian Road, Malu Town, Jiading District	Shanghai	Residential
86	Shanghai Kaisa Mansion No.8	No. 99 Alley, Juting Road, Zhuanghang Town, Fengxian District	Shanghai	Residential
87	Shanghai Kaisa City Plaza	Intersection of Chengliu Road and Shengzhu East Road, Xuhang Town, Jiading District	Shanghai	Residential
88	Shanghai Pudong Project	Intersection of Middle Yanggao Road and Minsheng Road, Pudong District	Shanghai	Commercial
89	Shanghai Kaisa Monarch Residence	Intersection of Fumao Road and Songjian Road, Chonggu Town, Qingpu District	Shanghai	Residential
90	Taicang Lake View Waldorf	No. 1 Jinan Road, Science-Enducation New Town	Taicang	Residential
91	Hangzhou Jade Dragon Court	North of Zhennan Road, Zhijiang Holiday Resort Area, Xihu District	Hangzhou	Residential
92	Hangzhou Kaisa Monarch Residence	West of Donghu Road and North of Shitang Road, Qiaosi Street, Yuhang District	Hangzhou	Residential
93	Hangzhou Puyu Court	Jingfeng Community, Wuchang Street, Yuhang District	Hangzhou	Residential
94	Suzhou Kaisa Plaza	South of Zhuyuan Road, West of Tayuan Road, Shishan Street, Gaoxin District	Suzhou	Residential
95	Suzhou Kaisa Monarch Residence	East of Sudai Road, South of Xingye Road, Huangqiao Street, Xiangcheng District	Suzhou	Residential
96	Nanjing Kaisa City Plaza ⁽³⁾	Lot No.20-7, Hexinan Area, Jianye District	Nanjing	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) Shenzhen Dapeng Xiasha Project;
 - (ii) Dongguan Shilong Project;
 - (iii) Dongguan Fenggang Project;
 - (iv) a portion of land with a site area of 121,709 sq.m. for Anshan Monarch Residence;
 - (v) a portion of land with a site area of 3,208 sq.m. for Anshan Kaisa Plaza;
 - (vi) a portion of land with a site area of 457,756 sq.m. for Huludao Suizhong Kaisa Dongdaihe;

for which as at 30 June 2015, 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.

No.	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.)	
84	1-4	104,796	140,151	140,151	-	-	100%
85	-	23,307	84,448	84,448	-	-	100%
86	1-2	143,053	201,885	-	116,474	85,411	100%
87	1-3	117,255	331,724	-	331,724	-	100%
88	-	11,088	49,896	-	-	49,896	100%
89	1-2	90,642	212,240	-	-	212,240	100%
90	1-3	87,741	201,346	201,346	-	-	100%
91	-	39,376	98,041	98,041	-	-	100%
92	-	36,595	100,849	-	100,849	-	100%
93	-	74,779	207,476	-	207,476	-	100%
94	1-2	33,234	123,216	-	72,448	50,768	100%
95	1-2	59,629	197,069	-	197,069	-	100%
96	1-3	109,832	415,986	-	115,073	300,913	100%
		13,259,202	37,026,041	15,303,348	8,119,829	13,602,865	

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 4,959 sq.m.) or medium term lease (for Shenzhen Woodland Height, Shenzhen Kaisa Center, Phase 1 of Huizhou Kaisa Center and a portion of Anshan Kaisa Plaza, with GFA attributable to the Group of approximately 7,927 sq.m., 19,170 sq.m., 12,008 sq.m. and 34,113 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 medium term lease (for Phase 2 of Huizhou Kaisa Center, Shenzhen Kaisa Global Center, Shenzhen Yantian Project, Jiangyin Kaisa Plaza and Shenyang Kaisa Center, with GFA of approximately 141,241 sq.m., 142,000 sq.m., 66,736 sq.m., 58,008 sq.m. and 113,219 sq.m., respectively).

9 As of 30 June 2015, completed properties held for sale had a total GFA of approximately 1,381,844 sq.m..

PROPERTIES UNDER DEVELOPMENT

The table below sets forth certain information of our property projects or project phases under development as at 30 June 2015. 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	Saleable
			or Estimated Total GFA [sq.m.]	GFA or Estimated Total Saleable GFA [sq.m.]
Shenzhen Kaisa City Plaza	Shenzhen	2	405,634	306,928
Shenzhen Kaisa City Plaza	Shenzhen	4(1)	201,214	3,000
Guangzhou Kaisa Mansion No. 1	Guangzhou	-	86,138	37,852
Guangzhou Sky Mansion	Guangzhou	-	80,854	31,210
Guangzhou Kaisa City Plaza	Guangzhou	1	333,177	84,105
Foshan Shunde Kaisa Golden World	Foshan	6(1)	88,965	73,239
Foshan Shunde Kaisa Golden World	Foshan	8	90,272	89,211
Dongguan Le Grand Bleu	Dongguan	1	217,023	217,023
Dongguan Yulongshan Garden	Dongguan	-	109,180	109,180
Huizhou Kaisa Mansion No. 1	Huizhou	-	260,577	221,490
Huizhou Kaisa Center	Huizhou	2	450,720	383,112
Huizhou Kaisa Center	Huizhou	3	178,712	151,905
Huizhou Riverbank New Town	Huizhou	2	38,997	33,147
Huizhou Riverbank New Town	Huizhou	3	235,288	199,994
Huizhou Riverbank New Town	Huizhou	4	150,394	127,835
Zhuhai Lake View Waldorf Garden	Zhuhai	1	69,327	13,169
Zhuhai Golden World	Zhuhai	2	79,318	42,004
Zhuhai Golden World	Zhuhai	3	92,042	78,503
Chengdu Kaisa City Plaza	Chengdu	1	149,627	69,988
Chengdu Kaisa City Plaza	Chengdu	2	118,470	82,732
Chengdu Kaisa Leading Town	Chengdu	1	129,086	89,175
Chengdu Kaisa Leading Town	Chengdu	2(1)	106,931	77,311
Nanchong Monarch Residence	Nanchong	7-8	210,511	155,021
Chongqing Kaisa Plaza	Chongqing	1	133,511	105,466
Chongqing Kaisa Plaza	Chongqing	2(1)	83,342	82,188

Project	Commencement Time	Status of Pre-sale Permit	Estimated Completion Time	Interest Attributable to us
Shenzhen Kaisa City Plaza	July 2013	Yes	2016 4th quarter	100%
Shenzhen Kaisa City Plaza	April 2014	Yes	2015 4th quarter	100%
Guangzhou Kaisa Mansion No. 1	January 2015	Not yet obtained	2019 3rd quarter	100%
Guangzhou Sky Mansion	July 2014	Yes	2016 4th quarter	100%
Guangzhou Kaisa City Plaza	August 2014	Yes	2016 4th quarter	100%
Foshan Shunde Kaisa Golden World	August 2011	Yes	2015 4th quarter	100%
Foshan Shunde Kaisa Golden World	August 2011	Not yet obtained	2018 4th quarter	100%
Dongguan Le Grand Bleu	May 2014	Yes	2016 1st quarter	100%
Dongguan Yulongshan Garden	May 2014	Yes	2016 2nd quarter	100%
Huizhou Kaisa Mansion No. 1	April 2014	Yes	2016 2nd quarter	100%
Huizhou Kaisa Center	April 2011	Yes	2015 4th quarter	100%
Huizhou Kaisa Center	August 2013	Not yet obtained	2016 3rd quarter	100%
Huizhou Riverbank New Town	April 2011	Yes	2015 3rd quarter	100%
Huizhou Riverbank New Town	October 2011	Yes	2015 3rd quarter	100%
Huizhou Riverbank New Town	December 2013	Yes	2015 4th quarter	100%
Zhuhai Lake View Waldorf Garden	March 2011	Yes	2015 4th quarter	100%
Zhuhai Golden World	May 2012	Not yet obtained	2016 4th quarter	100%
Zhuhai Golden World	December 2012	Not yet obtained	2016 4th quarter	100%
Chengdu Kaisa City Plaza	January 2014	Yes	2016 1st quarter	100%
Chengdu Kaisa City Plaza	February 2014	Not yet obtained	2016 1st quarter	100%
Chengdu Kaisa Leading Town	August 2014	Yes	2016 4th quarter	100%
Chengdu Kaisa Leading Town	April 2015	Yes	2017 4th quarter	100%
Nanchong Monarch Residence	February 2014	Yes	2015 4th quarter	100%
Chongqing Kaisa Plaza	September 2013	Yes	2015 3rd quarter	100%
Chongqing Kaisa Plaza	November 2014	Not yet obtained	2017 2nd quarter	100%

Project Portfolio (continued)

Project	City	Project Phase	Total GFA	Saleable GFA or
			or Estimated Total GFA [sq.m.]	Estimated Total Saleable GFA [sq.m.]
Chongqing Kaisa Bright Harbour	Chongqing	1	159,499	106,023
Chongqing Kaisa Bright Harbour	Chongqing	2	88,377	78,201
Shenyang Kaisa Center	Shenyang	-	292,331	96,278
Benxi Lake View Place	Benxi	-	69,849	62,150
Huludao Suizhong Kaisa Dongdaihe	Huludao	1	633,596	482,917
Huludao Suizhong Kaisa Dongdaihe	Huludao	2	280,488	271,349
Weifang Kaisa Golden World	Weifang	1	27,922	15,855
Weifang Kaisa Golden World	Weifang	2	103,190	60,898
Qingdao Kaisa Lake View Place	Qingdao	1	179,701	134,155
Qingdao Kaisa Lake View Place	Qingdao	2	88,167	69,645
Dandong Kaisa Mansion No. 1	Dandong	1	124,946	103,515
Dalian Kaisa Center	Dalian	-	156,239	118,619
Changsha Lake View Place	Changsha	4	123,671	108,310
Changsha Meixi Lake Project	Changsha	1	78,634	52,393
Wuhan Golden World	Wuhan	3	182,126	152,626
Wuhan Kaisa Mansion No.1	Wuhan	1	156,136	119,219
Jiangyin Fuqiao Homeland	Jiangyin	-	134,535	106,846
Shanghai Kaisa Mansion No.8	Shanghai	1	116,474	82,368
Shanghai Kaisa City Plaza	Shanghai	1	124,978	80,906
Shanghai Kaisa City Plaza	Shanghai	2	78,431	53,808
Shanghai Kaisa City Plaza	Shanghai	3	128,315	83,859
Hangzhou Kaisa Monarch Residence	Hangzhou	-	100,849	71,676
Hangzhou Puyu Court	Hangzhou	-	207,476	140,336
Suzhou Kaisa Plaza	Suzhou	1	72,448	57,227
Suzhou Kaisa Monarch Residence	Suzhou	-	197,069	167,509
Nanjing Kaisa City Plaza	Nanjing	1	115,073	68,456
Total			8,119,829	5,809,934

Project	Commencement Time	Status of Pre-sale Permit	Estimated Completion Time	Interest Attributable to us
Chongqing Kaisa Bright Harbour	August 2014	Yes	2016 4th quarter	100%
Chongqing Kaisa Bright Harbour	May 2015	Not yet obtained	2017 2nd quarter	100%
Shenyang Kaisa Center	May 2012	Yes	2016 4th quarter	100%
Benxi Lake View Place	September 2011	Yes	2016 2nd quarter	100%
Huludao Suizhong Kaisa Dongdaihe	October 2011	Yes	2016 4th quarter	100%
Huludao Suizhong Kaisa Dongdaihe	August 2013	Yes	2017 4th quarter	100%
Weifang Kaisa Golden World	November 2012	Yes	2016 4th quarter	100%
Weifang Kaisa Golden World	December 2012	Not yet obtained	2017 4th quarter	100%
Qingdao Kaisa Lake View Place	May 2013	Yes	2016 3rd quarter	100%
Qingdao Kaisa Lake View Place	May 2014	Yes	2017 4th quarter	100%
Dandong Kaisa Mansion No. 1	September 2013	Yes	2016 2nd quarter	100%
Dalian Kaisa Center	September 2013	Yes	2015 3rd quarter	100%
Changsha Lake View Place	April 2013	Yes	2015 4th quarter	100%
Changsha Meixi Lake Project	May 2015	Not yet obtained	2017 4th quarter	100%
Wuhan Golden World	September 2013	Yes	2015 4th quarter	100%
Wuhan Kaisa Mansion No.1	November 2014	Yes	2017 4th quarter	100%
Jiangyin Fuqiao Homeland	January 2014	Not yet obtained	2015 3rd quarter	100%
Shanghai Kaisa Mansion No.8	April 2013	Yes	2015 4th quarter	100%
Shanghai Kaisa City Plaza	November 2013	Yes	2016 1st quarter	100%
Shanghai Kaisa City Plaza	December 2013	Yes	2017 4th quarter	100%
Shanghai Kaisa City Plaza	March 2014	Yes	2017 4th quarter	100%
Hangzhou Kaisa Monarch Residence	April 2014	Yes	2016 2nd quarter	100%
Hangzhou Puyu Court	May 2014	Yes	2017 2nd quarter	100%
Suzhou Kaisa Plaza	August 2014	Yes	2017 4th quarter	100%
Suzhou Kaisa Monarch Residence	November 2014	Not yet obtained	2017 4th quarter	100%
Nanjing Kaisa City Plaza	October 2014	Not yet obtained	2017 1st quarter	100%

PROPERTIES HELD FOR FUTURE DEVELOPMENT

The table below sets forth certain information of our property projects held for future development as at 30 June 2015.

Project	Location	Project Phase	Estimated Total GFA (sq.m.)	Estimated Completion Time ⁽¹⁾
Shenzhen Kaisa Global Center	Shenzhen	–	142,000	2020
Shenzhen Kaisa City Plaza	Shenzhen	3	613,527	2020
Shenzhen Yantian Project	Shenzhen	1–3	546,726	2019
Shenzhen Dapeng Xiasha Project	Shenzhen	1–4	516,030	2019
Shenzhen Kaisa Qianhai Plaza	Shenzhen	2	149,689	2018
Guangzhou Tongbao Project	Guangzhou	–	230,577	2019
Guangzhou Kaisa City Plaza	Guangzhou	1(3)	153,548	2017
Guangzhou Kaisa City Plaza	Guangzhou	2–4	289,592	2019
Foshan Shunde Kaisa Golden World	Foshan	6–9	219,090	2017
Dongguan Le Grand Bleu	Dongguan	2–4	500,061	2016
Dongguan Shilong Project	Dongguan	–	10,131	2018
Dongguan Fenggang Project	Dongguan	–	303,258	2020
Huizhou Yuan Zhou Project	Huizhou	–	61,200	2018
Huizhou Riverbank New Town	Huizhou	5–10	3,712,231	2017
Huizhou Huidong Yapojiao Project	Huizhou	1–3	295,754	2017
Zhuhai Lake View Waldorf Garden	Zhuhai	2–3	370,115	2018
Zhuhai Golden World	Zhuhai	3–4	57,935	2017
Chengdu Kaisa Mansion No.8	Chengdu	4–6	292,427	2018
Chengdu Kaisa City Plaza	Chengdu	3–4	192,804	2018
Chengdu Kaisa Leading Town	Chengdu	2(2)	106,516	2017
Chongqing Kaisa Plaza	Chongqing	2	152,182	2017
Chongqing Kaisa Bright Harbour	Chongqing	3–10	738,761	2018
Yingkou Dragon Bay	Yingkou	2	259,911	2020
Anshan Monarch Residence	Anshan	1–2	389,216	2018
Anshan Lake View Waldorf	Anshan	2	183,735	2020
Anshan Kaisa Plaza	Anshan	–	8,020	2016

Project	Location	Project Phase	Estimated Total GFA (sq.m.)	Estimated Completion Time ⁽¹⁾
Panjin Kaisa Center	Panjin	2	185,070	2018
Huludao Suizhong Kaisa Dongdaihe	Huludao	2-4	1,014,900	2018
Qingdao Kaisa Lake View Place	Qingdao	3	125,485	2019
Dandong Kaisa Mansion No. 1	Dandong	2-3	206,596	2018
Liaoyang Gongchangling Project	Liaoyang	-	256,975	2019
Changsha Meixi Lake Project	Changsha	1-2	365,680	2017
Taizhou Kaisa Mansion No.1	Taizhou	2-3	253,896	2017
Shanghai Kaisa Mansion No.8	Shanghai	2	85,411	2017
Shanghai Kaisa Monarch Residence	Shanghai	1-2	212,240	2018
Shanghai Pudong Project	Shanghai	-	49,896	2017
Suzhou Kaisa Plaza	Suzhou	1-2	50,768	2016
Nanjing Kaisa City Plaza	Nanjing	2-3	300,913	2018
Total			13,602,865	

Note:

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

DISCLOSURE OF INTERESTS

SHARE OPTION SCHEME

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 with the view to achieving the following objectives.

- (i) motivate the Eligible Participants (as defined below) to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of 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 of the Company or any of its subsidiaries, any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, advisers and agents to the Company or any of its subsidiaries (the “**Eligible Participants**”).

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

The total number of Shares which may be issued upon exercise of all Share options granted and yet to be exercised under the Share Option Scheme and other schemes of the Company must not exceed 30% of the Shares in issue from time to time. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and options under the other schemes of the Company is not permitted to exceed 10% limit, unless with the prior approval from the shareholders of the Company. The Share Option Scheme limit was refreshed at the extraordinary general meeting held on 31 March 2014. As at 30 June 2015, the maximum number of the Shares available for issue upon exercise of all Share options which may be granted under the Share Option Scheme is 496,511,100 Shares, representing approximately 9.67% of the issued share capital of the Company as at the date of the report.

During the six months ended 30 June 2015, no options were granted under the Share Option Scheme. For the six months ended 30 June 2015, no options were exercised and cancelled, and a total of 93,351,000 options were forfeited/lapsed.

(4) Maximum entitlement of each Participant

Unless approved by the shareholders of the Company, the maximum number of Shares issued and to be issued upon exercise of the options 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 as at the date of grant.

(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, provided that such period of time shall not exceed a period of ten years commencing on the date on which the share option is deemed to be granted and accepted.

(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 official closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant; (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five 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 2015 pursuant to the Share Option Scheme:

Grantee	Balance as of 1 January 2015 (Note 1)	Grant during the six months ended 30 June 2015	Exercised during the six months ended 30 June 2015	Cancelled/ Forfeited/ lapsed during the six months ended 30 June 2015	Reclassified adjustment (Note 2)	Balance as of 30 June 2015
Directors						
SUN Yuenan	20,020,000	-	-	-	-	20,020,000
YU Jianqing	6,000,000	-	-	-	-	6,000,000
ZHANG Yizhao	1,000,000	-	-	-	-	1,000,000
RAO Yong	1,000,000	-	-	-	-	1,000,000
ZHENG Yi	-	-	-	-	588,000	588,000
Other employees						
In aggregate	208,852,000	-	-	(93,351,000)	(588,000)	114,913,000
Total	236,872,000	-	-	(93,351,000)	-	143,521,000

As at 30 June 2015, a total of 61,453,000 options were exercisable.

Notes:

- (1) For the information on the date of grant, exercise period and exercise price in relation to the outstanding Share options as at 1 January 2015, please refer to Note 25 to the Unaudited Condensed Consolidated Interim Financial Information. Save as disclosed above, the outstanding share options are exercised during the following periods: (i) up to 20% of the Share options granted to the grantees at any time after the expiration of 12 months from the respective date of grant; (ii) up to 20% of the Share options granted to the grantees at any time after the expiration of 24 months from the respective date of grant; (iii) up to 20% of the Share options granted to the grantees at any time after the expiration of 36 months from the respective date of grant; (iv) up to 20% of the Share options granted to the grantees at any time after the expiration of 48 months from the respective date of grant; and (v) all the remaining the Share options granted to the grantees at any time after the expiration of 60 months from the respective date of grant.
- (2) During the six months ended 30 June 2015, Mr. ZHENG Yi was appointed as director of the Company. As such, 588,000 share options granted to Mr. ZHENG Yi on 6 June 2012 were reclassified to the director category.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

The interests and short positions of Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as at 30 June 2015 as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") are set out as follows:

(i) Long positions in the Shares:

Name of Director	Capacity	Number of Shares (Note 1)	Approximate percentage of the issued share capital of the Company (Note 2) (%)
KWOK Ying Shing	Settlor/Beneficiary of the Kwok Family Trust (as defined below)	2,529,196,133	49.25%

Notes:

- (1) These interests refer to the Shares that are beneficially owned through the Kwok Family Trust. See "Substantial Shareholders".
- (2) The percentages were calculated based on 5,135,427,910 Shares in issue as at 30 June 2015.

(ii) Long positions in the underlying Shares:

Name of Director	Capacity	Number of the underlying Shares	Approximate percentage of shareholding of the issued share capital of the Company (Note) (%)
SUN Yuenan	Beneficial owner	20,020,000	0.39%
YU Jianqing	Beneficial owner	6,000,000	0.12%
ZHANG Yizhao	Beneficial owner	1,000,000	0.02%
RAO Yong	Beneficial owner	1,000,000	0.02%
ZHENG Yi	Beneficial owner	588,000	0.01%

Note:

The percentages were calculated based on 5,135,427,910 Shares in issue as at 30 June 2015, assuming all the options granted under the Share Option Scheme have been exercised.

(iii) 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%

Note:

As at 30 June 2015, 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**") was held by Chang Yu Investment Company Limited ("**Chang Yu**") which was in turn wholly owned by Good Health Investments Limited ("**Good Health**"), which was owned as to 50% by Seletar Limited and as to 50% by Serangoon Limited, as nominees and trustees for Credit Suisse Trust Limited, which was acting as the trustee of a discretionary trust (the "**Kwok Family Trust**") set up by Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi (the "**Kwok Family**"), the beneficiaries of which include the Kwok Family and its immediate family members. As at 30 June 2015, Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi were settlers of the Kwok Family Trust and were therefore taken to be interested in the Shares held by Da Chang, Da Feng and Da Zheng.

Save for those disclosed above, as at 30 June 2015, none of the Directors or chief executive had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, so far as the Directors are aware, persons other than the Directors or chief executive of the Company, who had interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are set out as follows:

Name of substantial shareholder	Capacity	Number of shares (Note 1)	Approximate percentage of the issued share capital of the Company (%)
Da Chang	Beneficial owner	1,000,307,622 (L) (Note 2)	19.53%
Da Feng	Beneficial owner	1,035,026,457 (L) (Note 2)	20.15%
Da Zheng	Beneficial owner	493,862,054 (L) (Note 2)	9.62%
Chang Yu	Interest in a controlled corporation	2,529,196,133 (L) (Note 2)	49.25%
Good Health	Interest in a controlled corporation	2,529,196,133 (L) (Notes 2 and 3)	49.25%
Credit Suisse Trust Limited	Interest in a controlled corporation	2,529,196,133 (L) (Note 4)	49.25%
Kwok Chun Wai	Settlor/Beneficiary of the Kwok Family Trust	2,529,196,133 (L) (Note 4)	49.25%
Funde Sino Life Insurance Co., Ltd.	Beneficial owner	649,700,957 (L)	29.94%
Fund Resources Investment Holding Group Company Limited	Interest in a controlled corporation	887,995,149 (L) (Note 5)	
	Beneficial owner	887,995,149 (L)	17.29%
Kwok Ying Chi	Settlor/Beneficiary of the Kwok Family Trust	2,529,196,133 (L)	49.25%

Notes:

1. 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.
2. 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.
3. 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. The number of shares, indirectly held by Good Health and Credit Suisse Trust Limited, are made reference to the forms of the disclosure of interests filed by them on 28 October 2011.
4. As at 30 June 2015, each of Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi is a settlor of the Kwok Family Trust and was therefore taken to be interested in the Shares held by Da Chang, Da Feng and Da Zheng by virtue of the SFO.
5. 887,995,149 Shares were held by Fund Resources Investment Holding Group Company Limited, which was wholly owned by Funde Sino Life Insurance Co., Ltd. as at 30 June 2015. By virtue of SFO, Funde Sino Life Insurance Co., Ltd is deemed to be interested in Shares held by Fund Resources Investment Holding Group Company Limited. Reference is made to the form of the disclosure of interests filed by Funde Sino Life Insurance Co., Ltd on 3 December 2014.
6. The percentage were calculated based on 5,135,427,910 Shares in issue as at 30 June 2015.

Save for those disclosed above, as at 30 June 2015, to the best of the Directors' knowledge, no other persons had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

INDEPENDENT REVIEW REPORT



REPORT ON REVIEW OF CONDENSED CONSOLIDATED 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 condensed consolidated interim financial information set out on pages 36 to 74, which comprise the condensed consolidated interim statement of financial position of Kaisa Group Holdings Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

EMPHASIS OF MATTER

As disclosed in the Company's 2014 annual report, the auditors' report on the consolidated financial statements of the Group contained a disclaimer of opinion because of the significance of the possible effects of certain matters relating to the Incident (as defined in the Company's 2014 annual report) on the adequacy of disclosures of the nature of the loss arising from the Incident and categorisation of cash flows arising from the Incident for the year ended 31 December 2014. Accordingly, we draw attention to the possible effect of the matters mentioned in the basis for disclaimer of opinion on the results and cash flows on the comparability of the current period's figures and the comparative information.

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road

Wanchai

Hong Kong

25 March 2017

Lin Ching Yee Daniel

Practising Certificate No.: P02771

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Notes	Unaudited Six months ended 30 June	
		2015 RMB'000	2014 RMB'000 (restated)
Revenue	5	4,075,704	6,792,523
Cost of sales	17	(4,277,719)	(4,632,698)
Gross (loss)/profit		(202,015)	2,159,825
Other losses, net	16	(107,487)	(330,893)
Selling and marketing costs	17	(174,932)	(417,061)
Administrative expenses	17	(374,611)	(414,368)
Changes in fair value of investment properties	6	1,932,993	232,414
Changes in fair value of financial derivatives		(42,219)	(63,807)
Operating profit		1,031,729	1,166,110
Share of results from associates	7	(1,177)	-
Finance income		8,737	9,509
Finance costs		(512,113)	(140,012)
Finance costs, net	18	(503,376)	(130,503)
Profit before income tax		527,176	1,035,607
Income tax expenses	19	(665,614)	(774,624)
(Loss)/profit and total comprehensive (loss)/income for the period		(138,438)	260,983
(Loss)/profit for the period and total comprehensive (loss)/income for the period attributable to:			
Equity holders of the Company		(180,251)	238,048
Non-controlling interests		41,813	22,935
		(138,438)	260,983
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company during the period (expressed in RMB per share)	20		
- Basic		(0.035)	0.048
- Diluted		(0.035)	0.043

The notes on pages 41 to 74 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property and equipment	6	793,240	848,179
Investment properties	6	18,599,373	16,256,160
Land use rights	6	166,085	169,228
Investments in associates	7	777,284	778,461
Long-term bank deposits		1,479	64,695
Deferred income tax assets		58,824	58,824
		20,396,285	18,175,547
Current assets			
Properties under development	9	69,199,552	69,335,835
Completed properties held for sale	9	10,756,187	11,320,631
Available-for-sale financial assets		-	56,823
Debtors, deposits and other receivables	8	3,248,194	3,697,214
Deposits for land acquisition	9	5,404,609	3,776,684
Prepayments for proposed development projects		10,299,293	9,617,786
Prepaid taxes		347,172	262,507
Financial derivatives		-	627
Restricted cash		978,042	1,078,291
Short-term bank deposits		95,111	189,860
Cash and cash equivalents		770,906	3,131,154
		101,099,066	102,467,412
Current liabilities			
Advance proceeds received from customers and deposits received	13	14,847,823	15,771,087
Accrued construction costs		11,189,649	14,118,865
Income tax payable		3,989,615	3,879,450
Borrowings	12	52,267,629	61,256,102
Financial derivatives		-	34,735
Other payables	14	6,485,930	3,787,568
Amounts due to non-controlling interests of subsidiaries	15	672,361	672,318
		89,453,007	99,520,125
Net current assets		11,646,059	2,947,287
Total assets less current liabilities		32,042,344	21,122,834

Condensed Consolidated Interim Statement of Financial Position (continued)
As at 30 June 2015

	Notes	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Non-current liabilities			
Borrowings	12	15,033,298	4,466,896
Deferred income tax liabilities		2,690,207	2,206,959
		17,723,505	6,673,855
Net assets		14,318,839	14,448,979
EQUITY			
Share capital	10	450,450	450,450
Share premium	10	4,253,704	4,253,704
Reserves	11	9,786,864	9,958,817
Equity attributable to equity holders of the Company		14,491,018	14,662,971
Non-controlling interests		(172,179)	(213,992)
Total equity		14,318,839	14,448,979

Kwok Ying Shing
Director

Zheng Yi
Director

The notes on pages 41 to 74 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Unaudited					
	Capital and reserves attributable to equity holders of the Company					
	Share capital	Share premium	Reserves	Total	Non-controlling interests	Total equity
	RMB'000 (note 10)	RMB'000 (note 10)	RMB'000 (note 11)	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2014, as previously reported	434,139	3,861,789	13,001,645	17,297,573	4,460,591	21,758,164
Impact of prior year adjustments and reclassifications (note 2.1)	-	-	(1,032,635)	(1,032,635)	(4,380,820)	(5,413,455)
Balance as at 1 January 2014, as restated	434,139	3,861,789	11,969,010	16,264,938	79,771	16,344,709
Total comprehensive income for the period	-	-	238,048	238,048	22,935	260,983
Transactions with owners						
Issue of scrip dividend shares	6,354	163,921	(170,275)	-	-	-
Dividend paid	-	-	(420,772)	(420,772)	-	(420,772)
Disposal of interests in subsidiaries (note 24(b))	-	-	(786)	(786)	(951)	(1,737)
Exercise of share options	4,003	93,426	(27,316)	70,113	-	70,113
Share-based payments	-	-	7,534	7,534	-	7,534
Balance as at 30 June 2014, as restated	444,496	4,119,136	11,595,443	16,159,075	101,755	16,260,830
Balance as at 1 January 2015	450,450	4,253,704	9,958,817	14,662,971	(213,992)	14,448,979
Total comprehensive (loss)/income for the period	-	-	(180,251)	(180,251)	41,813	(138,438)
Transactions with owners						
Share-based payments	-	-	8,298	8,298	-	8,298
Balance as at 30 June 2015	450,450	4,253,704	9,786,864	14,491,018	(172,179)	14,318,839

The notes on pages 41 to 74 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

		Unaudited Six months ended 30 June	
		2015	2014
Notes		RMB'000	RMB'000 (restated)
Cash flows from operating activities			
Cash used in operations		(574,274)	(6,643,528)
Income tax paid		(156,866)	(386,375)
Interest paid		(2,184,585)	(1,017,812)
<i>Net cash used in operating activities</i>		(2,915,725)	(8,047,715)
Cash flows from investing activities			
Purchase of property and equipment	6	(10,818)	(108,718)
Additions to investment properties	6	(410,220)	(695,034)
Acquisition of a subsidiary, net of cash acquired	24(a)	-	(904,861)
Proceeds from disposal of property and equipment		2,016	263
Decrease in short-term bank deposits		94,749	85,270
Decrease in long-term bank deposits		63,216	-
Interest received		8,737	9,509
Proceeds from disposal of available-for-sale financial assets		56,823	-
<i>Net cash used in investing activities</i>		(195,497)	(1,613,571)
Cash flows from financing activities			
Proceeds from bank and other borrowings	12(a)	728,700	14,367,248
Repayments of bank and other borrowings	12(a)	(1,354,512)	(5,661,838)
Proceeds from loan from a related company		1,377,000	-
Proceeds from issuance of Senior Notes	12(b)	-	3,908,263
Dividend paid		-	(420,772)
Proceeds from exercise of share options		-	70,113
<i>Net cash generated from financing activities</i>		751,188	12,263,014
Net (decrease)/increase in cash and cash equivalents		(2,360,034)	2,601,728
Cash and cash equivalents at beginning of period		3,131,154	6,765,970
Exchange adjustments		(214)	17,063
Cash and cash equivalents at end of period		770,906	9,384,761

The notes on pages 41 to 74 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

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, Cap. 22 (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, P.O. 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, hotel and catering operations and cinema, department store and cultural centre operations.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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 on 25 March 2017.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Independent investigation on certain issues

As described in details in the Group’s consolidated financial statements for the year ended 31 December 2014, the Company had established the Investigation Committee and FTI Consulting had undertaken an independent investigation (the “Investigation”) on certain issues. A report on the Investigation had been issued by FTI Consulting on 7 October 2016 and key findings of the Investigation had been published by the Company on 19 December 2016. The terms “Investigation Committee”, “FTI Consulting” and “Incident” are defined in the 2014 consolidated financial statements.

In the Group’s consolidated financial statements for the year ended 31 December 2014, the Directors of the Company had taken into account all the findings of the Investigation and were satisfied that appropriate adjustments, including prior year adjustments, had been made to the consolidated financial statements. Accordingly, in the condensed consolidated interim financial information for the six months ended 30 June 2015, the comparative figures for the six months ended 30 June 2014 have been arrived at after making the appropriate adjustments to the amounts previously reported in the 2014 interim report to correct significant accounting errors in relation to the Incident.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

2.2 Prior period adjustments

The effects of the prior period adjustments to reflect the findings of the Investigation in relation to the Incident on the condensed consolidated interim statement of profit or loss and other comprehensive income for the six months ended 30 June 2014 are set out below.

	As previously reported RMB'000	Prior period adjustments RMB'000	Notes	As restated RMB'000
Cost of sales	(4,055,930)	(576,768)	(2)	(4,632,698)
Other gains/(losses) – net	18,814	(349,707)	(3)	(330,893)
Finance income	168,537	(159,028)	(1)	9,509
Finance costs	(140,012)	–	(2)	(140,012)
Profit attributable to:				
Equity holders of the Company	1,328,655	(1,090,607)		238,048
Non-controlling interests	17,831	5,104	(1)	22,935
	1,346,486	(1,085,503)		260,983
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in RMB per share)				
– Basic	0.267			0.048
– Diluted	0.246			0.043

Notes:

- (1) The profit attributable to non-controlling interests of RMB5,104,000 due to incorrect classification of some of the Uncovered Borrowings as defined in the Group's 2014 consolidated financial statements have been reclassified to profit attributable to equity holders of the Company.

The adjustments also include reversal of imputed interest income on the Uncovered Borrowings which was previously classified as amount due to non-controlling interests, amounting to RMB159,028,000, which was previously recognised as finance income.

- (2) Adjustments to recognise interest arising from the Uncovered Borrowings for the six months ended 30 June 2014 amounting to RMB1,009,309,000, of which RMB956,287,000 have been capitalised as part of the costs of the properties under development and completed properties held for sale as of 30 June 2014, and RMB53,022,000 have been recognised as cost of sales when the related properties are sold during the six months ended 30 June 2014. Adjustments to recognise additional cost of sales of RMB523,746,000 were also made to reflect the carrying amounts of certain properties sold during the period.
- (3) Adjustment to recognise impairment on properties under development and completed properties held for sale of about RMB349,707,000 for the six months ended 30 June 2014 after interest costs being capitalised to the related properties.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

2.3 Statement of compliance

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in the annual financial statements.

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

- (ii)* *New and amended standards adopted by the Group*

The following amended standards have been adopted by the Group for the first time for the financial period beginning on 1 January 2015.

HKAS 19 (Amendments) Employee benefits – Defined benefit plans: Employee Contributions

Annual Improvements to HKFRSs 2010–2012 Cycle

Annual Improvements to HKFRSs 2011–2013 Cycle

The application of the above amended standards which are effective for the financial period beginning on 1 January 2015 did not have material financial impact to the Group.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

2.3 Statement of compliance *(Continued)*

(iii) *New standards, amendments to standards and interpretation that have been issued but were not yet effective*

The following new/revised standards, amendments and improvements have been issued but were not effective for the financial period beginning on 1 January 2015 that are relevant to and have not been adopted early by the Group:

		Effective for the accounting period beginning on or after
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012 – 2014 Cycle	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers	1 January 2018
HKAS 1 (Amendments)	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKAS 7 (Amendments)	Statement of Cash Flows	1 January 2017
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

The Directors are in the process of assessing the possible impact on the future adoption of the new/revised HKFRSs. Certain of these new/revised HKFRSs may have impact on the consolidated financial statements.

3. ESTIMATES

The preparation of interim financial information requires the 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 2014.

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency 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 2014.

There have been no changes in the risk management policies of the Group since year ended 31 December 2014.

4.2 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).

As at 30 June 2015 and 31 December 2014, there were neither level 1 nor level 3 instrument. Financial derivatives comprise forward foreign exchange contract that carried at fair value, level 2 valuation method is applied. This contract has been fair valued using forward exchange rates that quoted in an active market. The effects of discounting are generally insignificant for level 2 derivatives.

5. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company. The executive directors reviewed the Group's internal reporting in order to assess performance and allocate resources. The management has determined the operating segments based on these reports. The executive directors assessed the performance of each single operating segment based on a measure of profit before changes in fair value of financial derivatives, corporate and other unallocated expenses, finance income, finance costs and income tax expenses.

The executive directors considered the business from services perspective. From services perspective, the management assessed the performance of sales of properties, rental income, property management services and hotel and catering operations and regards these being the reportable segments. In preparing the segment information for the year ended 31 December 2014, the executive directors of the Company considered that the business relating to cinema, department store and cultural centre operations, that were commenced in 2013 as separate reportable segment. Accordingly, the comparative information has been re-presented to achieve the consistent presentation. No geographical segment analysis is presented as the majority of the assets and operations of the Group were 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	
	2015	2014
	RMB'000	RMB'000
Sales of properties		
– Completed properties held for sale	3,769,436	3,826,626
– Properties under development held for sale and proposed development projects	–	2,713,860
Rental income	110,886	94,240
Property management services	121,798	83,937
Hotel and catering operations	30,130	27,252
Cinema, department store and cultural centre operations	43,454	46,608
	4,075,704	6,792,523

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

The segment information provided to the current executive directors of the Company for the reportable segments for the period ended 30 June 2015 is as follows:

	Unaudited					Total RMB'000
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	
Revenue	3,769,436	116,403	232,015	32,653	43,898	4,194,405
Less: Inter-segment revenue	-	(5,517)	(110,217)	(2,523)	(444)	(118,701)
Revenue from external customers	3,769,436	110,886	121,798	30,130	43,454	4,075,704
Segment results before changes in fair value of investment properties and share of results from associates	(837,950)	49,050	40,270	(35,245)	(3,265)	(787,140)
Share of results from associates (note 7)	(1,177)	-	-	-	-	(1,177)
Changes in fair value of investment properties (note 6)	-	1,932,993	-	-	-	1,932,993
Segment results	(839,127)	1,982,043	40,270	(35,245)	(3,265)	1,144,676
Changes in fair value of financial derivatives						(42,219)
Corporate and other unallocated expenses						(71,905)
Finance income						8,737
Finance costs						(512,113)
Finance costs – net (note 18)						(503,376)
Profit before income tax						527,176
Income tax expenses (note 19)						(665,614)
Loss for the period						(138,438)

	Unaudited						Total RMB'000
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Unallocated RMB'000	
Other information:							
Depreciation (notes 6, 17)	27,526	3,083	2,259	16,518	4,425	3,690	57,501
Amortisation of land use rights (notes 6, 17)	1,080	-	-	904	1,159	-	3,143
Write-down of completed properties held for sale and properties under development (note 16)	129,175	-	-	-	-	-	129,175

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

The segment information provided to the current executive directors of the Company for the reportable segments for the period ended 30 June 2014 is as follows:

	Unaudited					
	Property development RMB'000 (restated)	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000 (restated)	Total RMB'000 (restated)
Revenue	6,540,486	107,319	223,790	27,252	46,608	6,945,455
Less: Inter-segment revenue	-	(13,079)	(139,853)	-	-	(152,932)
Revenue from external customers	6,540,486	94,240	83,937	27,252	46,608	6,792,523
Segment results before changes in fair value of investment properties	995,081	47,008	4,682	(31,307)	(3,443)	1,012,021
Changes in fair value of investment properties (note 6)	-	232,414	-	-	-	232,414
Segment results	995,081	279,422	4,682	(31,307)	(3,443)	1,244,435
Changes in fair value of financial derivatives						(63,807)
Corporate and other unallocated expenses						(14,518)
Finance income						9,509
Finance costs						(140,012)
Finance income – net (note 18)						(130,503)
Profit before income tax						1,035,607
Income tax expenses (note 19)						(774,624)
Profit for the period						260,983

	Unaudited						
	Property development RMB'000 (restated)	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000 (restated)	Unallocated RMB'000 (restated)	Total RMB'000 (restated)
Other information:							
Depreciation (notes 6,17)	16,891	1,947	2,013	8,875	6,590	4,004	40,320
Amortisation of land use rights (notes 6,17)	976	-	-	773	1,135	-	2,884
Write-down of completed properties held for sale and properties under development (note 16)	369,470	-	-	-	-	-	369,470

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

The segment assets and liabilities as at 30 June 2015 are as follows:

	Unaudited						
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	198,318,334	16,666,224	2,641,951	1,916,554	359,482	(98,813,190)	121,089,355
Unallocated							405,996
Total assets							121,495,351
Segment liabilities	125,972,574	3,456,448	1,151,020	1,659,340	254,560	(99,298,179)	33,195,763
Unallocated							73,980,749
Total liabilities							107,176,512
Other information:							
Capital expenditure (note 6)	4,597	413,410	341	179	786	-	419,313
Unallocated (note 6)							1,728
							421,041

The segment assets and liabilities as at 31 December 2014 are as follows:

	Audited						
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	197,324,504	16,127,413	2,407,374	538,702	328,697	(96,462,512)	120,264,178
Unallocated							378,781
Total assets							120,642,959
Segment liabilities	125,296,829	3,301,801	1,116,918	235,627	218,220	(95,819,556)	34,349,839
Unallocated							71,844,141
Total liabilities							106,193,980
Other information:							
Capital expenditure	24,101	2,146,026	4,858	47,652	29,369	-	2,252,006
Unallocated							11,958
							2,263,964

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

No material revenue are derived from single external customer (for the period ended 30 June 2014: None).

Segment assets consist primarily of property and equipment, investment properties, investments in associates, land use rights, properties under development, completed properties held for sale, debtors, deposits and other receivables, deposits for land acquisition, prepayments for proposed development projects, restricted cash, short-term bank deposits, long-term bank deposits and cash and cash equivalents. They exclude available-for-sale financial assets, financial derivatives, deferred income tax assets and prepaid taxes.

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

6. PROPERTY AND EQUIPMENT, INVESTMENT PROPERTIES AND LAND USE RIGHTS

	Unaudited		
	Property and equipment RMB'000	Investment properties RMB'000 (note)	Land use rights RMB'000
Six months ended 30 June 2015			
Opening net carrying amounts at 1 January 2015	848,179	16,256,160	169,228
Additions	10,821	410,220	-
Amortisation (note 17)	-	-	(3,143)
Depreciation (note 17)	(57,501)	-	-
Disposals	(8,259)	-	-
Increase in fair value	-	1,932,993	-
Closing net carrying amounts at 30 June 2015	793,240	18,599,373	166,085

6. PROPERTY AND EQUIPMENT, INVESTMENT PROPERTIES AND LAND USE RIGHTS

(Continued)

	Unaudited		
	Property and equipment RMB'000	Investment properties RMB'000 (note)	Land use rights RMB'000
Six months ended 30 June 2014			
Opening net carrying amounts at 1 January 2014	579,528	9,595,200	165,342
Transfer from properties under development	315,509	-	24,756
Transfer to property and equipment and land use rights from investment properties	42,256	(50,769)	8,513
Transfer to completed properties held for sale	-	(11,479)	-
Acquisition of a subsidiary (note 24(a))	99	-	-
Additions	108,718	695,034	-
Disposals	(1,723)	-	-
Disposals of subsidiaries	(587)	-	-
Amortisation (note 17)	-	-	(2,884)
Depreciation (note 17)	(40,320)	-	-
Increase in fair value	-	232,414	-
Closing net carrying amounts at 30 June 2014	1,003,480	10,460,400	195,727

As at 30 June 2015, the net carrying amounts of property and equipment of approximately RMB235,879,000 in aggregate were partially restricted. As at the date of approval of this condensed consolidated interim financial information, these restrictions have been fully released.

Note:

The Group obtains independent valuations from Savills Valuation and Professional Services Limited, for its investment properties at 30 June 2015 and 2014. For all investment properties, their current use equates to the highest and best use.

Fair value measurements using significant unobservable inputs

Fair values of completed commercial properties are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Fair values of commercial properties under development are generally derived using the combination of direct comparison method by making reference to the comparable market transactions as available in the market and the income capitalization method by capitalising market rent derived from the properties. This valuation method is essentially a means of valuing the land and properties under development by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

There were no changes to the valuation techniques during the period.

6. PROPERTY AND EQUIPMENT, INVESTMENT PROPERTIES AND LAND USE RIGHTS

(Continued)

Significant inputs used to determine fair value

Capitalisation and discount rates are estimated by valuer based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

Prevailing market rents per square meter are estimated based on recent lettings within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Estimated costs per square meter to completion and developer's profit margin required are estimated by the valuer based on current market conditions. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The higher the costs or the margins, the lower the fair value.

7. INVESTMENTS IN ASSOCIATES

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Investment cost	778,461	779,095
Share of results from associates	(1,177)	(634)
	777,284	778,461

8. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Trade receivables (note a)	522,948	720,331
Other receivables	1,168,293	701,319
Other deposits	316,809	307,033
Prepayments (note b)	603,153	1,346,722
Prepaid other taxes	636,991	621,809
	3,248,194	3,697,214

As at 30 June 2015 and 31 December 2014, the carrying amounts of debtors, deposits, and other receivables approximate their fair values.

8. DEBTORS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

Notes:

- (a) Trade receivables mainly arose from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements. The ageing analysis of trade receivables as at the respective reporting date is as follows:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Within 90 days	140,438	524,245
91–180 days	241	26,561
181–270 days	227,126	89,322
271–365 days	27,800	5,607
Over 365 days	127,343	74,596
	522,948	720,331

All the receivables were past due but not impaired as they primarily represented receivables from sale of residential properties to independent third parties of which the majority of the balances were due from customers in the process of applying mortgage loans. Generally, no credit terms were granted to these customers. These relate to a number of independent customers for whom there was no recent history of default.

Up to the date of approval of this condensed consolidated interim financial information, the amounts of RMB465,612,000 and RMB685,371,000 of the trade receivables as at 30 June 2015 and 31 December 2014 have been settled, respectively.

- (b) Prepayments mainly represent prepayments for purchases of construction materials and services.
- (c) The maximum credit risk exposure is the amount shown on consolidated statement of financial position.
- (d) The carrying amounts of the Group's receivables are mainly denominated in Renminbi.
- (e) As at 30 June 2015 and 31 December 2014, there is no provision made for trade and other receivables and no trade and other receivables were impaired.

9. DEPOSITS FOR LAND ACQUISITION, PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

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.

As at 30 June 2015, the net carrying amounts of deposits for land acquisition, properties under development and completed properties held for sale of approximately RMB2,758,546,000, RMB21,711,479,000 and RMB748,272,000 in aggregate were partially restricted. As at the date of approval of this condensed consolidated interim financial information, these restrictions have been fully released, except for 2 properties under development projects with the aggregate carrying amounts of RMB1,499,762,000 which were remained partially restricted.

10. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares HK\$'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 2015 and 30 June 2015	5,135,427,910	513,543	450,450	4,253,704	4,704,154
As at 1 January 2014	4,929,515,000	492,952	434,139	3,861,789	4,295,928
Exercise of share options	50,783,000	5,078	4,003	93,426	97,429
Issue of scrip dividend shares (note)	80,109,910	8,011	6,354	163,921	170,275
As at 30 June 2014	5,060,407,910	506,041	444,496	4,119,136	4,563,632

Note: The Company offered to its shareholders a scrip dividend alternative under which the shareholders could elect to receive ordinary shares of HK\$0.15 each in lieu of cash dividend during the following special cash dividend declaration and ordinary shares were issued in accordance with the scrip dividend scheme. On 29 May 2014, total scrip dividend shares issued during the period ended 30 June 2014 are 80,109,910 at share price of HK\$2.68 per share.

All ordinary shares issued during the period ranked pari passu in all respects with the existing shares.

11. RESERVES

	Unaudited							
	Merger reserve RMB'000 (note a)	Exchange reserve RMB'000	Statutory reserves RMB'000 (note b)	Share option reserve RMB'000 (note c)	Capital reserve RMB'000	Conversion option reserve RMB'000 (note 12(c))	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2014, as previously reported	382	24,835	573,478	154,517	(70,749)	220,824	12,098,358	13,001,645
Impact of prior year adjustments and reclassification (note 2.1)	-	-	-	-	(323,666)	-	(708,969)	(1,032,635)
Balance at 1 January 2014, as restated	382	24,835	573,478	154,517	(394,415)	220,824	11,389,389	11,969,010
Total comprehensive income for the period	-	-	-	-	-	-	238,048	238,048
Issue of scrip dividend shares	-	-	-	-	-	-	(170,275)	(170,275)
Dividend paid	-	-	-	-	-	-	(420,772)	(420,772)
Disposal of interests in subsidiaries	-	-	(786)	-	-	-	-	(786)
Exercise of share options	-	-	-	(27,316)	-	-	-	(27,316)
Share-based payments	-	-	-	7,534	-	-	-	7,534
Balance at 30 June 2014, as restated	382	24,835	572,692	134,735	(394,415)	220,824	11,036,390	11,595,443
Balance at 1 January 2015	382	24,835	758,043	105,166	(487,047)	220,824	9,336,614	9,958,817
Total comprehensive loss for the period	-	-	-	-	-	-	(180,251)	(180,251)
Share-based payments	-	-	-	8,298	-	-	-	8,298
Share options lapsed	-	-	-	(48,663)	-	-	48,663	-
Balance at 30 June 2015	382	24,835	758,043	64,801	(487,047)	220,824	9,205,026	9,786,864

Notes:

- (a) The merger reserve of the Group represents the difference between the nominal value of the share capital and share premium of the 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 registered capital.

For Chinese-foreign entities, in accordance with the Law of the PRC on Chinese-foreign Equity Joint Ventures, the percentage of profits to be appropriated to the Statutory Reserves are solely determined by the board of directors of these foreign investment 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 Share Option Scheme (note 25).

12. BORROWINGS

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings – secured (note a and d)	7,263,670	2,722,000
Bank borrowings – unsecured (note a)	3,225,128	244,896
Loans from a related company (note e)	2,877,000	1,500,000
Other borrowings – secured (note a and d)	1,100,000	–
Other borrowings – unsecured (note a)	567,500	–
	15,033,298	4,466,896
Borrowings included in current liabilities:		
Bank borrowings – secured (note a and d)	5,691,169	15,479,000
Bank borrowings – unsecured (note a)	2,257,924	5,306,603
Other borrowings – secured (note a and d)	23,820,898	20,585,517
Other borrowings – unsecured (note a)	4,343,304	4,557,389
Senior Notes (note b)	14,591,076	13,890,208
Convertible Bonds (note c)	1,563,258	1,437,385
	52,267,629	61,256,102
Total borrowings	67,300,927	65,722,998

Notes:

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

	Unaudited	
	2015 RMB'000	2014 RMB'000 (restated)
Six months ended 30 June		
Carrying amount as at 1 January	48,895,405	36,094,926
Additions	728,700	14,367,248
Repayments	(1,354,512)	(5,661,838)
Carrying amount as at 30 June	48,269,593	44,800,336

12. BORROWINGS (Continued)

Notes: (Continued)

- (b) Senior Notes
Movements in Senior Notes are analysed as follows:

	Unaudited						Total RMB'000
	Senior Note 2012 RMB'000	Senior Note January 2013 RMB'000	Senior Note March 2013 RMB'000	Senior Note April 2013 RMB'000	Senior Note January 2014 RMB'000	Senior Note June 2014 RMB'000	
Six months ended 30 June 2015							
Carrying amount as at 1 January	1,551,031	3,158,810	3,411,597	1,806,777	1,550,421	2,411,572	13,890,208
Accrued interest (note 18)	101,183	156,482	163,703	62,084	56,969	110,242	650,663
Acceleration of unwinding interest (note 18)	36,126	52,370	40,690	17,021	18,799	52,441	217,447
Coupon payment	-	(156,887)	-	-	-	-	(156,887)
Exchange difference	(1,322)	(2,599)	(2,977)	-	(1,365)	(2,092)	(10,355)
Carrying amount as at 30 June	1,687,018	3,208,176	3,613,013	1,885,882	1,624,824	2,572,163	14,591,076

	Unaudited						Total RMB'000
	Senior Note 2012 RMB'000	Senior Note January 2013 RMB'000	Senior Note March 2013 RMB'000	Senior Note April 2013 RMB'000	Senior Note January 2014 RMB'000	Senior Note June 2014 RMB'000	
Six months ended 30 June 2014							
Carrying amount as at 1 January	1,538,556	3,149,137	3,397,712	1,802,027	-	-	9,887,432
Additions	-	-	-	-	1,505,747	2,402,516	3,908,263
Accrued interest (note 18)	102,141	158,587	152,204	65,694	64,670	15,169	558,465
Coupon payment	(98,122)	(156,233)	(148,803)	(61,875)	(24,800)	-	(489,833)
Exchange difference	13,675	28,170	30,487	-	13,855	275	86,462
Transactions cost on modification of terms	(5,334)	(10,613)	(11,421)	(6,218)	(5,192)	-	(38,778)
Carrying amount as at 30 June	1,550,916	3,169,048	3,420,179	1,799,628	1,554,280	2,417,960	13,912,011

On 18 September 2012, the Company issued 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").

12. BORROWINGS *(Continued)*

Notes: *(Continued)*

(b) Senior Notes *(Continued)*

On 8 January 2013, the Company issued 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").

On 19 March 2013, the Company issued 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"). On 13 January 2014, the Company issued additional US\$250,000,000 (equivalent to approximately RMB1,524,225,000) at 101% of face value (the "Senior Note January 2014").

On 22 April 2013, the Company issued 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").

On 6 June 2014, the Company issued 9% senior note due 2019 in an aggregate principal amount of US\$400,000,000 (equivalent to approximately RMB2,460,840,000) at 99% of face value (the "Senior Note June 2014").

Senior Note 2012, Senior Note January 2013, Senior Note March 2013, Senior Note April 2013, Senior Note January 2014 and Senior Note June 2014 are collectively referred to as the "Senior Notes".

The net proceeds, after deducting the transaction costs, of the Senior Notes are as follows:

	Senior Note 2012 RMB'000	Senior Note January 2013 RMB'000	Senior Note March 2013 RMB'000	Senior Note April 2013 RMB'000	Senior Note January 2014 RMB'000	Senior Note June 2014 RMB'000
Nominal value	1,581,225	3,142,750	3,457,025	1,800,000	1,524,225	2,460,840
Less: Transaction costs	(53,070)	(55,654)	(48,133)	(27,681)	(18,478)	(58,324)
Net proceeds	1,528,155	3,087,096	3,408,892	1,772,319	1,505,747	2,402,516

On 29 June 2014, the Company obtained consent from the holders of the Senior Note 2012, the Senior Note January 2013, the Senior Note March 2013, the Senior Note April 2013 and the Senior Note January 2014 to modify certain terms of the senior notes in conforming with the terms of the Senior Note June 2014 (the "Modification"). Consent fees of approximately RMB38,778,000 were paid to the above holders for the Modification and capitalised to the carrying amounts of the respective senior notes during the six months ended 30 June 2014.

The Senior Notes are listed on the Singapore Exchange Securities Trading Limited.

The Senior Notes 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.

During the six months ended 30 June 2015, the Company has not made scheduled principal and coupon payment under the terms of the Senior Notes. Given the failure to meet the obligations, the Company received default notices from the trustee of the Senior Notes. Accordingly, the unwinding of interest totalling RMB217,447,000 was accelerated and recognised as finance costs for the six months ended 30 June 2015 (note 18). The Company had negotiated with the noteholders on executing debt restructuring, details of which have been disclosed in note (f) below.

12. 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).

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 will 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. The conversion price was adjusted downward to HK\$2.64 per share following the payment of a final dividend during the year ended 31 December 2014.

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 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 11).

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.

The Convertible Bonds recognised in the condensed consolidated interim statement of financial position is calculated as follows:

	RMB'000
Face value of the Convertible Bonds on date of issue	1,500,000
Less: Equity component (note 11)	(220,824)
Transaction costs	(47,209)
	<hr/>
Liability component on initial recognition	1,231,967

Movements in Convertible Bonds are analysed as follows:

	Unaudited	
	2015 RMB'000	2014 RMB'000 (restated)
Six months ended 30 June		
Carrying amount as at 1 January	1,437,385	1,377,335
Accrued interest (note 18)	59,954	89,158
Acceleration of unwinding interest (note 18)	65,919	-
Coupon payment	-	(60,667)
	<hr/>	<hr/>
Carrying amount as at 30 June	1,563,258	1,405,826

12. BORROWINGS *(Continued)*

Notes: *(Continued)*

(c) Convertible Bonds *(Continued)*

During the six months ended 30 June 2015, the Company has not made scheduled principal and coupon payment under the terms of the Convertible Bonds. Given the failure to meet the obligations, the Company received default notices from the trustee of the Convertible Bonds. Accordingly, the unwinding of interest totalling RMB65,919,000 was accelerated and recognised as finance costs for the six months ended 30 June 2015 (note 18). The Company had negotiated with the bondholders on executing debt restructuring, details of which have been disclosed in note (f) below.

There was no conversion and redemption during the six months ended 30 June 2015 and 2014.

(d) The Group's bank and other borrowings of RMB37,875,737,000 (unaudited) (31 December 2014: RMB38,786,517,000 (audited)) were jointly secured by certain properties, investment properties, land use rights, properties under development and completed properties held for sales of the Group and certain shares of Group's subsidiaries.

The Group's bank and other borrowings are guaranteed by:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Group companies		
– Secured	27,961,737	28,864,518
– Unsecured	8,293,037	7,895,230
	36,254,774	36,759,748

The Group's remaining other borrowings comprised of the loans from certain non-bank financial institutions.

During the six months ended 30 June 2015, the Group failed to make scheduled principal and interest payment under the relevant terms and conditions of certain bank and other borrowings and received notices from certain creditors in demanding immediate repayment of the bank and other borrowings. The Group had negotiated with the relevant creditors on executing debt restructuring, details of which have been disclosed in note (f).

(e) Loans from a related company

The amounts due are unsecured, carrying interest rate at 12.0% and repayable in 2016 and 2017. The related company is controlled by a substantial shareholder of the Company.

(f) Debt restructuring

In 2015, in light of the occurrence of events of default and potential cross-default of the debt facilities, the Group has negotiated with the Onshore Creditors and the Offshore Creditors in relation to the restructuring of the outstanding debts facilities (the "Debt Restructuring").

On 17 August 2015, the Group entered into a framework agreement for the Onshore Debt Restructuring with the onshore creditors committee (the "Onshore Creditors Committee") which is formed by certain largest onshore creditors of the Group. The Onshore Creditors Committee is authorised to negotiate on behalf of all onshore creditors in respect of the Onshore Debt Restructuring. During 2015 and 2016, the Onshore Creditors have entered into respective definitive agreements with the Group to restructure the outstanding debts or agreed that their outstanding debt being continued to be governed by their respective existing agreements. Up to the date of approving this condensed consolidated interim financial information, the Group has successfully restructured all of the onshore loans. The profit or loss on the modification or extinguishment of the onshore debts are considered to be immaterial to the Group.

On 10 January 2016, the Company, certain of its subsidiaries and the Offshore Creditors entered into the Restructuring Support Agreement, pursuant to which, the Offshore Creditors agreed to support the Offshore Debt Restructuring through the Schemes. The Schemes provided options to the Offshore Creditors in exchanging the outstanding principals of the Senior Notes, the Convertible Bonds and other offshore facilities as at the reference date of the Restructuring Support Agreement (i.e. 1 January 2016) (the "Original Offshore Debts") with all accrued and unpaid interest for the new indentures stated below.

12. BORROWINGS *(Continued)*

Notes: *(Continued)*

(f) Debt restructuring *(Continued)*

On 12 July 2016, following the Company obtained the consent from the majority of the Original Offshore Debts Creditors in favour of the Schemes, the Schemes have become effective as a matter of Cayman Islands law and Hong Kong law. On the same day, the Group has cancelled the Original Offshore Debts and issued the new indentures in accordance to the election of the Offshore Creditors. The directors, after considering the restructured terms, has treated the Offshore Debt Restructuring as an extinguishment for certain portion of the Original Offshore Debts. Accordingly, a gain on extinguishment of the Original Offshore Debts of approximately RMB716,143,000, representing the difference between the carrying amount of the Original Offshore Debts and the fair value of the new instruments at the day of completion of the Offshore Debt Restructuring and consent fee paid to the Offshore Creditors of approximately RMB54,423,000 were recognised to profit and loss in 2016. The remaining portion of the Original Offshore Debts did not result in substantial modification and accordingly, the effective interest rates were adjusted at the date of modification.

Pursuant to the Restructuring Support Agreement, the Offshore Creditors could elect to exchange their Original Offshore Debts for the following indentures (Details of the Restructuring Support Agreement and the commercial terms of the new indentures are set out in the announcements of the Company dated 17 March 2016):

- (i) New HY notes at an exchange ratio of 1.0 with new principal amounts, new maturity dates and new interest coupon schedules, with certain contingent value rights ("CVRs") with a notional value equal to 7% of the principal amount of the New HY Notes;
- (ii) New HY notes at an exchange ratio of 1.02598 with new principal amounts, new maturity dates and new interest coupon schedules; or
- (iii) Mandatorily exchangeable bonds at an exchange ratio of 1.0.

13. ADVANCE PROCEEDS RECEIVED FROM CUSTOMERS AND DEPOSITS RECEIVED

The amount of RMB14,847,823,000 (unaudited) (31 December 2014: RMB15,771,087,000 (audited)) represents deposits and installments received on properties sold to independent third parties after the issuance of presale certificates by local government authorities.

14. OTHER PAYABLES

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Other payables and accruals	6,207,600	3,362,330
Note payables	4,193	221,683
Consideration payables related to purchase of subsidiaries	45,417	45,417
Other taxes payables	228,720	158,138
	6,485,930	3,787,568

15. AMOUNTS DUE TO NON-CONTROLLING INTERESTS OF SUBSIDIARIES

Amounts due to non-controlling interests of subsidiaries were unsecured, interest-free and repayable on demand.

16. OTHER LOSSES – NET

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000 (restated)
Forfeited customer deposits	(2,579)	(1,878)
Compensation for termination of proposed development projects	-	(7,037)
Write-down of completed properties held for sale and properties under development	129,175	369,470
Government subsidy income	(26,205)	(27,609)
Loss on disposal of property and equipment	6,243	1,460
Others	853	(3,513)
	107,487	330,893

17. EXPENSES BY NATURE

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

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000 (restated)
Auditors' remuneration	230	1,300
Advertising and other promotional costs	82,945	277,592
Agency fee	11,825	26,700
Business taxes (note)	253,059	237,681
Cost of properties sold	3,903,207	4,292,476
Donations	-	31,030
Legal and professional fees	33,722	26,551
Depreciation (note 6)	57,501	40,320
Amortisation of land use rights (note 6)	3,143	2,884
Staff costs including directors' emoluments	221,385	240,789
Office expenses	24,557	36,046
Operating lease rental	16,064	19,916
Others	219,624	230,842
	4,827,262	5,464,127

Note: The PRC companies comprising the Group are subject to business taxes of 5% on their revenue from sales of properties, rental income, properties management services and hotel and catering operations and other businesses.

18. FINANCE COSTS – NET

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000 (restated)
Finance income		
Interest income on bank deposits	8,737	9,509
Finance costs		
Interest expense:		
– Bank and other borrowings	1,983,142	1,483,453
– Senior Notes (note 12(b))	868,110	558,465
– Convertible Bonds (note 12(c))	125,873	89,158
Total interest expense	2,977,125	2,131,076
Less: interest capitalised (note)	(2,499,427)	(2,070,222)
	477,698	60,854
Net exchange losses	34,415	79,158
	512,113	140,012
Finance costs – net	(503,376)	(130,503)

Note: The capitalisation rate of borrowings is 11.25% (2014: 12.65% (as restated)) for the period.

19. 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 the Cayman Islands income tax.

PRC enterprise income tax

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2014: 25%).

Hong Kong profits tax

No Hong Kong profits tax was provided for the six months ended 30 June 2015 and 2014 as the Group has no assessable profits arising in or derived from Hong Kong for the periods.

19. INCOME TAX EXPENSES *(Continued)*

PRC land appreciation tax

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

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Current income tax		
– PRC enterprise income tax	169,096	668,764
– PRC land appreciation tax	13,270	107,737
Deferred income tax	483,248	(1,877)
	665,614	774,624

20. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/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	
	2015	2014 (restated)
(Loss)/profit attributable to equity holders of the Company (RMB'000)	(180,251)	238,048
Weighted average number of ordinary shares in issue	5,135,427,910	4,973,700,779
Basic (loss)/earnings per share (RMB)	(0.035)	0.048

The calculation of basic (loss)/earnings per share is based on the Group's loss attributable to equity holders of the company of RMB180,251,000 (unaudited) (2014: profit of RMB238,048,000 (restated and unaudited)) and the weighted average number of 5,135,427,910 (2014: 4,973,700,779) ordinary shares in issue during the period.

20. (LOSS)/EARNINGS PER SHARE *(Continued)*

	Unaudited	
	Six months ended 30 June	
	2015	2014 [restated]
(Loss)/profit attributable to equity holders of the Company (RMB'000)	(180,251)	238,048
Adjustment for profit and loss effect of convertible bonds (RMB'000)	-	5,480
	(180,251)	243,528
	Number of Shares	
	Six months ended 30 June	
	2015	2014
Weighted average number of ordinary shares in issue	5,135,427,910	4,973,700,779
- Adjustment for convertible bonds	-	639,172,341
- Adjustment for share options	-	84,735,226
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	5,135,427,910	5,697,608,346
Diluted (loss)/earnings per share (RMB)	(0.035)	0.043

Diluted earnings per share for the six months ended 30 June 2014 was calculated based on the weighted average number of ordinary shares outstanding adjusted to assume conversion or exercise of all dilutive potential ordinary shares (convertible bonds and share options).

The diluted loss per share for the six months ended 30 June 2015 was the same as the basic loss per share as the potential ordinary shares were anti-dilutive.

For the six months ended 30 June 2014, the convertible bonds were assumed to have been converted into ordinary shares of the Company, and the net profit was adjusted to eliminate the profit and loss effect of the convertible bonds. For the share options, a calculation was made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the exercise in full of the share options.

21. DIVIDEND

No interim dividend has been declared by the Company for the six months ended 30 June 2015 and 2014.

A final dividend in respect of the year ended 31 December 2013 of Hong Kong dollars 15 cents per share with a scrip dividend alternative totalling, HK\$745,236,000 (equivalent to RMB591,047,000) was declared at the annual general meeting on 31 March 2014 and paid in May 2014.

22. FINANCIAL GUARANTEES CONTRACTS

The Group had the following financial guarantees as at the respective reporting dates:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the property units	15,252,595	15,337,179

The 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.

23. COMMITMENTS

(a) Commitments for property development expenditures

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Contracted but not provided for	26,441,205	24,462,837

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

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Not later than one year	28,575	28,301
Later than one year and not later than five years	17,632	20,833
Later than five years	1,225	1,050
	47,432	50,184

(c) Operating lease rentals receivable

The future aggregate minimum lease rentals receivable under non-cancellable operating leases in respect of land and buildings are as follows:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Not later than one year	140,926	170,232
Later than one year and not later than five years	401,992	457,244
Later than five years	187,503	258,317
	730,421	885,793

24. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of a subsidiary

In February 2014, the Group acquired 100% equity interests of Nanjing Real Estate Development Co., Ltd. (“南京奧信房地產開發有限公司”) at a cash consideration of RMB909,000,000 through a public auction. The company did not operate any business prior to the acquisition and only held a piece of land. Therefore, the Group considered this would be an acquisition of assets in substance and as a result the difference between the cash consideration paid and the net assets acquired would be recognised as an adjustment to the carrying value of the land.

The consideration of the transaction was based on the fair value of the assets acquired.

	Unaudited 2014 RMB'000 (restated)
Property and equipment	99
Properties under development	3,595,046
Debtors, deposits and other receivables	611
Cash and cash equivalents	4,139
Accrued construction costs	(8,661)
Other payables	(262)
Amount due to an immediate holding company	(3,583,549)
Net assets acquired	<u>7,423</u>
Purchase consideration settled in cash	909,000
Cash and bank balances in the subsidiary acquired	(4,139)
Cash outflow on acquisition	<u>904,861</u>
Total purchase consideration: – Cash paid during the period	909,000
Net book value of net assets acquired shown as above	<u>(7,423)</u>
Adjustment to the carrying amount of property under development	<u>901,577</u>

(b) Disposal of interests in subsidiaries

For the period ended 30 June 2014, the Group disposed of its entire share capital of certain subsidiaries. Certain of these companies solely held prepayments for proposed development projects, properties under development or completed properties held for sale in the PRC. These companies did not operate any business prior to the disposal. Therefore, the Group regarded these disposals as sales of properties and its related net cash inflow of RMB2,023,860,000 as cash generated from operations.

25. SHARE OPTION

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; (iii) the nominal value of a share of the Company.

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

	Unaudited			
	30 June 2015		30 June 2014	
	Weighted average exercise price in HK\$ per share	Number	Weighted average exercise price in HK\$ per share	Number
At 1 January	1.844	236,872,000	1.747	387,187,000
Granted during the period	-	-	2.61	11,000,000
Exercised during the period	-	-	1.752	(50,783,000)
Lapsed during the period	2.096	(93,351,000)	1.598	(32,944,000)
At 30 June	1.679	143,521,000	1.792	314,460,000

As at 30 June 2015, 61,453,000 (30 June 2014: 128,280,000) outstanding options granted under the Share Option Scheme were exercisable (note).

25. SHARE OPTION *(Continued)*

Share Option Scheme *(Continued)*

Note: Terms of share options at the condensed consolidated interim financial information date were as follows:

Exercise period	Exercise price per share HK\$	Number of share options	
		30 June 2015	30 June 2014
10/6/2010–9/6/2015	3.105	–	8,250,000
30/3/2011–29/3/2016	3.105	–	8,250,000
24/4/2012–23/4/2017	3.105	–	8,500,000
23/7/2011–22/7/2020	2.000	3,720,000	12,129,000
23/7/2012–22/7/2020	2.000	4,015,000	13,175,000
23/7/2013–22/7/2020	2.000	4,220,000	13,752,000
23/7/2014–22/7/2020	2.000	5,220,000	19,970,000
23/7/2015–22/7/2020	2.000	12,940,000	19,970,000
6/6/2013–5/6/2022	1.500	5,240,000	20,130,000
6/6/2014–5/6/2022	1.500	7,174,000	44,094,000
6/6/2015–5/6/2022	1.500	30,664,000	45,080,000
6/6/2016–5/6/2022	1.500	30,664,000	45,080,000
6/6/2017–5/6/2022	1.500	30,664,000	45,080,000
21/2/2015–20/2/2024	2.610	1,200,000	2,200,000
21/2/2016–20/2/2024	2.610	1,200,000	2,200,000
21/2/2017–20/2/2024	2.610	1,200,000	2,200,000
21/2/2018–20/2/2024	2.610	1,200,000	2,200,000
21/2/2019–20/2/2024	2.610	1,200,000	2,200,000
21/8/2015–20/8/2024	2.840	600,000	–
21/8/2016–20/8/2024	2.840	600,000	–
21/8/2017–20/8/2024	2.840	600,000	–
21/8/2018–20/8/2024	2.840	600,000	–
21/8/2019–20/8/2024	2.840	600,000	–
		143,521,000	314,460,000

25. SHARE OPTION *(Continued)*

Share Option Scheme *(Continued)*

The Company offered to grant several directors and employees (the "July 2010 Grant") of 179,750,000 share options of HK\$0.10 each in the capital of the Company on 23 July 2010. On 6 June 2012, the Company further offered to grant several directors and employees (the "June 2012 Grant") of 326,790,000 shares options respectively of HK\$0.10 each in the capital of the Company. During six months ended 30 June 2014, the Company offered to grant an employee and a consultant (the "February 2014 Grant") total of 11,000,000 share options of HK\$0.10 each in the capital of the Company on 21 February 2014. On 21 August 2014, the Company further offered to grant several employees (the "August 2014 Grant") of 3,000,000 share options of HK\$0.10 each in the capital of the Company. The valuations were based on a Binomial Model with the following data and assumptions:

	July 2010 Grant	June 2012 Grant	February 2014 Grant	August 2014 Grant
Fair value under binomial model	HK\$142,362,000	HK\$198,688,000	HK\$8,514,000	HK\$2,592,000
Closing share price at grant date	HK\$1.71	HK\$1.39	HK\$2.60	HK\$2.83
Exercise price	HK\$2.00	HK\$1.50	HK\$2.61	HK\$2.84
Annual risk free interest rate	2.29%	1.04%	2.30%	1.94%
Expected volatility	40%	44%	45%	43%
Expected option life	10 years	10 years	10 years	10 years
Expected divided yield	nil	nil	6.0%	5.0%

26. RELATED PARTY TRANSACTION

Other than those disclosed elsewhere in these condensed consolidated interim financial information during the period, the Group had the following transactions with its related parties:

(a) Name and relationship with related parties

Controlling shareholders

Mr. Kwok Chun Wai and Mr. Kwok Ying Shing

A related company

Shenzhen Fund Resources Investment Holding Company Limited (“深圳市富德資源投資有限公司”)

(b) Key management compensation

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Salaries and other short-term employee benefits	28,351	14,531
Retirement scheme contributions	135	218
Share option benefits	2,186	759
	30,672	15,508

(c) Transactions

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Interest paid to a related company (note (i))	128,556	-
Rental expenses paid to controlling shareholders (note (ii))	955	917

Note:

- (i) Interest expense was charged at interest rate of 12% per annum on loans from a related company.
- (ii) This represents payment of rental expenses for various office premises to controlling shareholders Mr. Kwok Chun Wai and Mr. Kwok Ying Shing. The rental expenses paid during the period was determined at prevailing market rate of respective office premises.

26. RELATED PARTY TRANSACTION *(Continued)*

(d) Balance with a related company

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Loans from a related company (note 12(e))	2,877,000	1,500,000

27. EVENTS AFTER THE REPORTING DATE

- (1) On 12 May 2016, the Group entered into agreements with a third party to acquire 70% equity interest in Shenzhen Marine Group Company Limited, a company that holds a parcel of land for property development in the PRC, for a cash consideration of approximately HK\$6.8 billion (approximately equivalent to RMB5.8 billion).
- (2) Subsequent to the reporting date, the negotiations on, inter alia, the repayment terms and securing new loans and facilities for re-financing with a number of the PRC banks and non-banking financial institutions have been completed. Most of the banks and financial institutions have agreed for renewal and extension of loans and banking facilities which includes the extension of repayment terms, and the securing new loans and facilities for re-financing.

On 21 July 2016, the offshore debt restructuring, including the restructuring of the existing senior notes, the convertible bonds and the other offshore facilities, was completed through the Company's proposed schemes of arrangement which had been respectively sanctioned by the Grand Court of the Cayman Islands and the High Court of Hong Kong. The United States Court had also granted the order to recognise the scheme sanctioned by the High Court of Hong Kong under Chapter 15 of Title 11 of the United States Code.

The Group cancelled the original offshore debts and issued the new indentures in accordance with the election of the offshore creditors.

- (3) In November 2016, the Group acquired 830,949,743 shares of a Hong Kong listed company, Mega Medical Technology Ltd., which represented approximately 21.72% of its existing issued shares for a cash consideration of HK\$388 million (approximately equivalent to RMB331 million).

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. The Board is of the view that, for the six months ended 30 June 2015, the Company complied with the code provisions on the Corporate Governance Code (the "CG 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"), save for the deviations below:

- (a) Code provision A.1.2 provides that arrangements should be in place to ensure that all directors are given an opportunity to include matters in the agenda for regular board meetings. Code provision A.1.3 provides that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings, reasonable notice should be given. There were no regular Board meetings held for approving the annual and interim results of the Group during the six months ended 30 June 2015. Due notice of all regular Board meetings will be given to all members of the Board.
- (b) Code provision A.2.5 provides that the chairman should take responsibility for ensuring that good corporate governance practices and procedures are established. The Company was not in compliance with certain code provisions as set out in the CG Code. The chairman has confirmed that he will take active action to improve and monitor the corporate governance practice of the Group.
- (c) Code provision A.4.2 provides that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. No general meeting was held during the six months ended 30 June 2015. Therefore, no Directors have been subject to retirement and re-election by the Shareholders at the general meeting. All Directors will be subject to rotation in accordance with the Articles of Association of the Company and the Listing Rules. Every Director will be subject to retirement by rotation at least once every three years.
- (d) Code provision A.6.7 provides that Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. No general meeting was held during the six months ended 30 June 2015 due to the suspension in trading of the Company's share.
- (e) Code provision A.7.1 provides that for regular board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers should be sent, in full, to all directors. These should be sent in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or other agreed period). There were no regular Board meetings held for approving the annual and interim results of the Group during the six months ended 30 June 2015.

(f) Code provision C.1.5 provides that the board should present a balanced, clear and understandable assessment in annual and interim reports and other financial disclosures required by the Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements. There were no regular Board meetings held for approving the annual and interim results of the Group during the six months ended 30 June 2015. The dispatches of the relevant annual reports and interim reports have been delayed.

(g) Code provision E.1.1 provides that for each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. Issuers should avoid “bundling” resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are “bundled”, issuers should explain the reasons and material implications in the notice of meeting.

Code provision E.1.2 provides that the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders’ approval. An issuer’s management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors’ report, the accounting policies and auditor independence.

Code provision E.1.3 provides that the issuer should arrange for the notice to shareholders to be sent for annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.

Code provision E.2.1 provides that the chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll.

The Company was not in compliance with the code provisions E.1.1, E.1.2, E.1.3 and E.2.1 as no general meeting was held during the six months ended 30 June 2015 due to the suspension in trading of the Company’s share. General meetings of the Company shall be arranged in due course.

(h) Code provision A.3.2 provides that an issuer should maintain on its websites and on the Exchange’s website an updated list of its directors identifying their role and function and whether they are independent non-executive directors. During the six months ended 30 June 2015, the Company failed to maintain on its website and the Stock Exchange’s website an updated list of Directors due to an inadvertent error of the administrative staff of the Company.

Other non-compliances with the Listing Rules

- (a) Pursuant to Rule 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors. Pursuant to Rule 3.10A of the Listing Rules, the independent non-executive directors of a listed issuer must represent at least one-third of the board of directors of such listed issuer. Since the resignation of Mr. FOK Hei Yu on 31 December 2014, the number of independent non-executive Directors has fallen below the minimum number of three and does not consist of one-third of the Board as required under Rules 3.10(1) and 3.10A of the Listing Rules during the period from 31 December 2014 to 27 February 2017. In order to comply with Rules 3.10(1) and 3.10A of the Listing Rules, Mr. LIU Xuesheng was appointed as an independent non-executive Director on 28 February 2017.
- (b) The Company was not able to timely comply with the financial reporting provisions under the Listing Rules in (i) announcing the interim results for the six months ended 30 June 2015; and (ii) publishing the interim report for the six months ended 30 June 2015. Such delay has constituted non-compliance with Rules 13.48 and 13.49 of the Listing Rules.

RESUMPTION PROGRESS

Trading in the Shares on the Stock Exchange has been suspended since March 2015. The Stock Exchange imposed on the Company certain conditions to the resumption of the trading in the Shares. For details of those conditions, please refer to the announcement of the Company dated 23 July 2015. The Board is in the course of taking necessary actions and steps to fulfill those resumption conditions and will keep the shareholders and potential investors of the Company informed of the progress, as and when appropriate.

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 non-executive director and independent non-executive directors of the Company, namely, Ms. CHEN Shaohuan, Mr. RAO Yong and Mr. ZHANG Yizhao. 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 2015. In addition, the independent auditors of the Company, Grant Thornton Hong Kong Limited, has reviewed the unaudited interim results for the six months ended 30 June 2015 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.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code as set out in Appendix 10 to the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2015.

The Company has also established written guidelines on no less exacting terms than the Model Code for securities transactions by the relevant employees of the Group, who are likely to be in possession of inside information of the Company.

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2015 (30 June 2014: Nil).