



佳兆業集團控股有限公司<sup>\*</sup>  
KAISA GROUP HOLDINGS LTD.

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

INTERIM REPORT  
2016

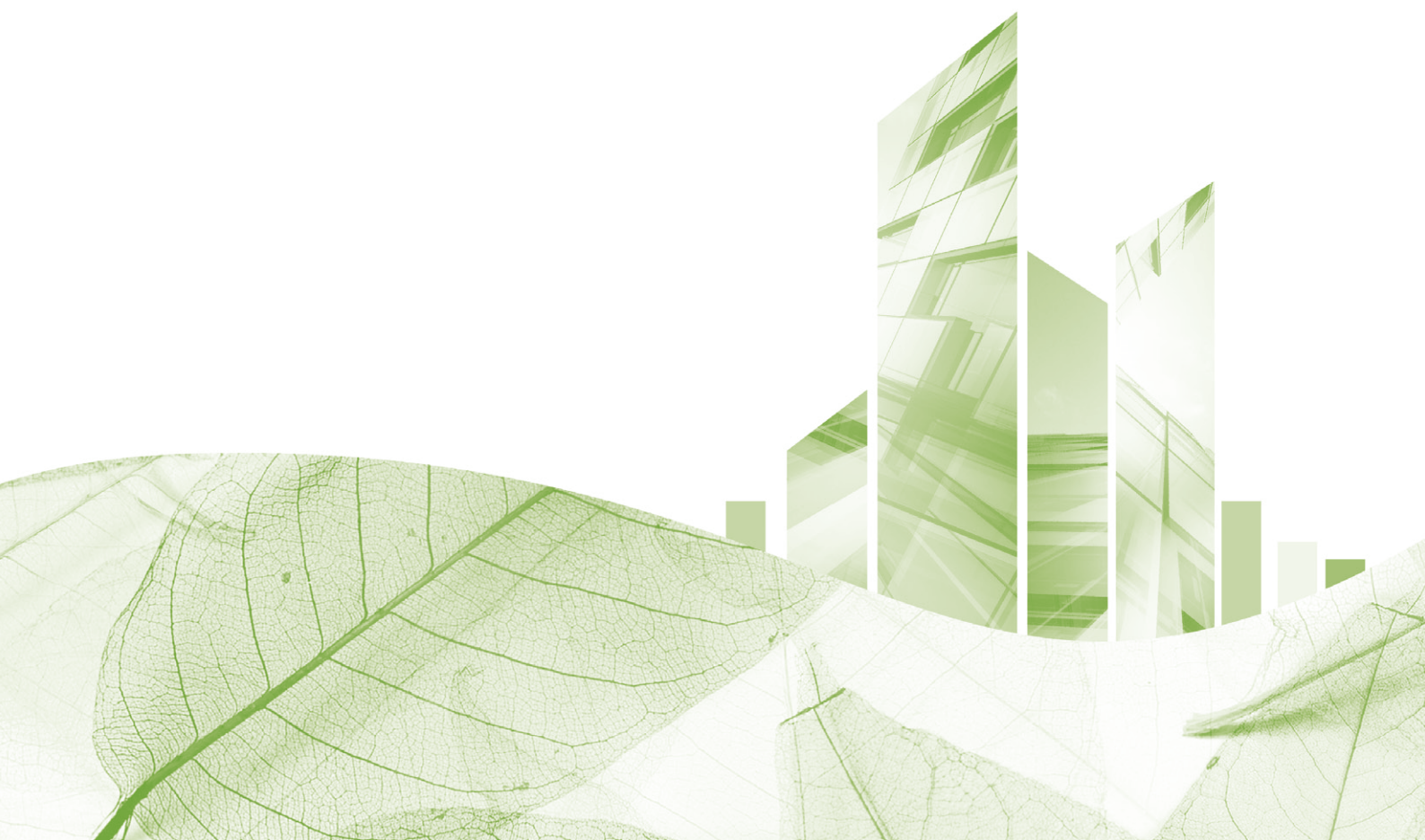


BRING YOU  
JOYFUL LIVING

<sup>\*</sup>For identification purposes only

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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 2016 together with the comparative figures for the previous corresponding period.

Once again, on behalf of the Board, I would like to take this opportunity 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 2016, the Group recorded a turnover of approximately RMB4,997.8 million, representing an increase of 22.6% as compared to the corresponding period in 2015. The Group recorded a gross profit of approximately RMB881.0 million in the first half of 2016, as compared to a gross loss of approximately RMB202.0 million in the corresponding period of 2015. Profit attributable to equity holders of the Company and basic earnings per share were approximately RMB2,529.6 million and RMB49.3 cents, respectively, as compared to the loss attributable to equity holders of the Company of approximately RMB180.3 million and the basic loss per share of RMB3.5 cents, respectively, in the corresponding period of 2015.

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

## BUSINESS REVIEW

During the first half of 2016, against a backdrop of much relaxed credit policies, with lowered down payments and gradual scrapping of property purchase restrictions in selected cities, the residential property market in China continued to revive. Prices rose in tandem with sales volumes in most cities. According to the figures released by the National Bureau of Statistics of China, the country sold 643.02 million sq.m. in aggregate floor area of residential properties between January and June 2016, up 27.9% from that of the same period last year. Some RMB4,868.2 billion worth in aggregate of residential units were sold during the six-month period, up 42.1% from that of the same period last year.

Taking advantage of the market revival, the Group achieved contracted sales of RMB13,817 million during the first half of 2016, up 349% from that of the same period last year with contracted gross floor area ("**GFA**") sold aggregated 1,154,885 sq.m.. The Group took advantage of the reviving market momentum and adjusted its strategies for projects without blockage restrictions to accomplish more sales that had contributed to improvements in its results and financial condition. Meanwhile, the Group continued its strenuous efforts to work closely with relevant authorities for removal of blockages of its projects.

With respect to land acquisitions, the Group stayed focused on first-and second-tier cities and provincial capitals. As at 30 June 2016, 79.0% 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 filings, 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

Looking ahead into 2017, the euphoria in the residential property market in China is expected to be tamed modestly due to carrying through of relaunch of purchasing and mortgage borrowing restrictions since the second half of 2016. Transaction volumes will see growth declined due to the high comparison base set in 2016 and the shrinking owner-occupier and investment demand due to the purchase and borrowing restrictions. Momentum for increases in prices will be subdued but will find strong support, especially those projects in first and second tier cities, as inventories have been substantially lowered after months of clearance sales in 2016.

The Group will strive to improve its profitability while facilitating stable yet coordinated development as it stays focused on its core business of property development.

## 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

The Group managed to achieve its record of contracted sales during the period under review. For the first half of 2016, the Group's contracted sales and the GFA sold amounted to approximately RMB13.8 billion and 1,154,885 sq.m., representing growth of 349% and 118% year-on-year, respectively. Contracted average selling price (the "ASP") increased by 106% year-on-year to RMB11,964 per sq.m.. The table below shows the Group's contracted sales by region in the first half of 2016:

Region	Contracted sales area sq.m.	Contracted sales amount RMB in millions
Pearl River Delta	426,613	6,674
Yangtze River Delta	347,664	4,783
Western China Region	116,883	710
Central China Region	136,694	1,075
Pan-Bohai Bay Rim	127,031	575
<b>Total</b>	<b>1,154,885</b>	<b>13,817</b>

During the six months ended 30 June 2016, the Group recorded a turnover of RMB4,997.8 million, representing an increase of 22.6% as compared to the corresponding period in 2015. Profit attributable to equity holders of the Company amounted to approximately RMB2,529.6 million as compared to loss attributable to equity holders of the Company of approximately RMB180.3 million in the last corresponding period. The Group's net loss for the six months ended 30 June 2016 excluding changes in fair values of financial derivatives and of investment properties net of corresponding deferred taxes, amounted to approximately RMB908.3 million (2015: net loss of approximately RMB1,546.0 million). Basic earnings per share was RMB49.3 cents, as compared to basic loss per share of RMB3.5 cents in the last corresponding period.

## PROPERTY DEVELOPMENT

### 1. Projects completed in the six months ended 30 June 2016

The Group adopts a strict and prudent practice in project development and adjusts its pace of business expansion as and when appropriate. During the six months ended 30 June 2016, the GFA of newly completed projects of the Group amounted to approximately 1.0 million sq.m..

### 2. Projects under development

As at 30 June 2016, the Group had 31 projects under development with an aggregate of GFA of approximately 7.0 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 18.3 million sq.m.. In June 2016, Kaisa was ranked 14th in "2016 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 team 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, its cash flows and financial condition. As at 30 June 2016, the Group held an aggregate GFA of 409,795 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 2016, the Group had a total land bank of approximately 21.85 million sq.m., which is sufficient for the Group's development needs for the next five years.

## OUTLOOK

The residential property market in 2017 is expected to be less heated as compared to that in 2016, due to the relaunch of purchasing and mortgage borrowing restrictions introduced in October 2016. The housing price in first and second tier cities will find support while the sales volume growth see decline in a near term. With this context, 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 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.



## FINANCIAL REVIEW

### Revenue

The Group's revenue was primarily derived from six business segments: (i) property development, (ii) property investment, (iii) property management, (iv) hotel and catering operations, (v) cinema, department store and cultural centre operations and (vi) others. Revenue increased by 22.6% to approximately RMB4,997.8 million for the six months ended 30 June 2016 from approximately RMB4,075.7 million in the corresponding period in 2015. 91.7% of the Group's revenue was generated from the sales of properties (2015: 92.5%) and 8.3% from other segments (2015: 7.5%).

#### *Sales of properties*

Revenue from sales of properties increased by approximately RMB814.7 million, or 21.6%, to approximately RMB4,584.1 million for the six months ended 30 June 2016 from approximately RMB3,769.4 million for the corresponding period in 2015. The increase was primarily attributable to an increase in the total GFA delivered during the six months ended 30 June 2016.

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 RMB12.5 million, or 11.2%, to approximately RMB123.3 million for the six months ended 30 June 2016 from approximately RMB110.9 million for the corresponding period in 2015. The increase was primarily attributable to the increased rental space and higher rental rates.

#### *Property management*

Revenue from property management service increased by approximately RMB41.6 million, or 34.2%, to approximately RMB163.4 million for the six months ended 30 June 2016 from approximately RMB121.8 million for the corresponding period in 2015. 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 RMB6.5 million, or 21.6% to approximately RMB36.6 million for the six months ended 30 June 2016, from approximately RMB30.1 million for the corresponding period in 2015.

#### *Cinema, department stores and cultural centre operations*

Revenue from cinema, department stores and cultural centre operations increased by approximately RMB20.1 million, or 46.4%, to approximately RMB63.6 million for the six months ended 30 June 2016 from approximately RMB43.5 million in the corresponding period in 2015. The increase was primarily attributable to business expansion.

**Gross profit/(loss)**

The Group recorded a gross profit of approximately RMB881.0 million and a gross profit margin of 17.6% for the six months ended 30 June 2016 respectively, as compared to gross loss of approximately RMB202.0 million and a gross loss margin of 5.0% in the corresponding period of last year. The increase in gross profit margin was primarily attributable to the increase in ASP of property sales recognised for the six months ended 30 June 2016.

**Selling and marketing costs**

The Group's selling and marketing costs increased by approximately RMB105.7 million, or 60.4%, to approximately RMB280.6 million for the six months ended 30 June 2016 from approximately RMB174.9 million for the corresponding period in 2015. The increase in selling and marketing costs was in line with the increase in the contracted sales for the six months ended 30 June 2016.

**Administrative expenses**

The Group's administrative expenses increased by approximately RMB195.8 million, or 52.3%, to approximately RMB570.4 million for the six months ended 30 June 2016 from approximately RMB374.6 million for the corresponding period in 2015. The increase was primarily attributable to the increase in professional fees.

**Changes in fair value of investment properties**

The increase in fair value of the Group's investment properties was approximately RMB4,573.5 million for the six months ended 30 June 2016 and approximately RMB1,933.0 million in the corresponding period in 2015. The increase in fair value of the Group's investment properties for the six months ended 30 June 2016 was primarily contributed by increases in land values and also increases of rentals in line with the market conditions of increases in land values and rental levels of comparable properties.

**Finance costs – net**

The Group's net finance costs increased by approximately RMB254.3 million, or 50.5% to approximately RMB757.7 million for the six months ended 30 June 2016 from approximately RMB503.4 million for the corresponding period in 2015. The increase was mainly due to the increase in net exchange loss by RMB326.8 million. The net exchange loss mainly arised from the U.S. dollar denominated offshore financing as a result of the depreciation of Renminbi against the U.S. dollar.

**Income tax expenses**

The Group's income tax expenses increased by approximately RMB689.7 million, or approximately 103.6%, to approximately RMB1,355.3 million for the six months ended 30 June 2016 from approximately RMB665.6 million for the corresponding period in 2015. The increase was primarily attributable to the significant increase in operating profit for the six months ended 30 June 2016.

### Profit for the six months ended 30 June 2016

As a result of the foregoing, the Group recorded profit of approximately RMB2,521.9 million (2015: loss of approximately RMB138.4 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 2016 and the corresponding period in 2015 was approximately RMB908.3 million and approximately RMB1,546.0 million, respectively.

### Liquidity, Financial and Capital Resources

#### *Cash position*

As at 30 June 2016, the carrying amount of the Group's cash and bank deposits was approximately RMB8,772.1 million (31 December 2015: approximately RMB3,309.4 million), representing an increase of 165.1% as compared to that as at 31 December 2015. 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 2016, 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 RMB2,194.6 million as at 30 June 2016 (31 December 2015: approximately RMB969.4 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 2014. 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 2016. 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 2016 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, 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 9.0% 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 2016, the Group had aggregate borrowings of approximately RMB79,367.5 million, of which approximately RMB25,481.1 million will be repayable within 1 year, approximately RMB52,816.8 million will be repayable between 2 and 5 years and approximately RMB1,069.6 million will be repayable over 5 years.

As at 30 June 2016, the Group's bank loans of approximately RMB49,263.6 million were secured by property 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 RMB57,932.0 million. As at 30 June 2016, 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 2016, the Group has 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 45.0% (31 December 2015: 53.9%). The Group's net current assets increased by 60.3% from approximately RMB32,289.2 million as at 31 December 2015 to approximately RMB51,764.5 million as at 30 June 2016, and the current ratio increased from 1.4 times as at 31 December 2015 to 1.7 times as at 30 June 2016.

*Cost of borrowings*

For the six months ended 30 June 2016, the Group's total cost of borrowings (including net exchange losses) was RMB3,065.7 million, representing an increase of approximately RMB54.1 million or 1.8% as compared to the corresponding period in 2015. The increase was primarily attributable to the increase in net exchange loss in respect of the offshore loan denominated in U.S. dollar.

*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 2016, the Group had cash balances denominated in US\$ of approximately RMB37.2 million, and in HK\$ of approximately RMB74.3 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\$0.7 million and HK\$919.8 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 2016, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to its customers amounting to approximately RMB16,862.6 million (31 December 2015: approximately RMB15,105.9 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.

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

On 12 May 2016, the Group entered into an agreement 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). As the subsidiary acquired does not constitute a business, the acquisition was accounted for as acquisition of assets.

Save as disclosed above, there were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2016. Apart from those 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.

#### *Employees and remuneration policy*

As at 30 June 2016, the Group had approximately 9,051 employees (31 December 2015: approximately 8,218 employees). The related employees' costs (including the directors' remuneration), for the six months ended 30 June 2016 amounted to approximately RMB248.5 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 the share option scheme is available in the Annual Report of the Company for the year ended 31 December 2015.



# PROJECT PORTFOLIO

## PROJECT PORTFOLIO – AS AT 30 JUNE 2016

No.	Project	Address	Location	Type <sup>(1)</sup>
<b>The Pearl River Delta</b>				
1	Shenzhen Woodland Height <sup>(6)</sup>	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 <sup>(2)(6)</sup>	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 <sup>(8)</sup>	Shennan Avenue, Futian District	Shenzhen	Commercial
10	Shenzhen Metro City <sup>(2)</sup>	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 <sup>(2)</sup>	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 <sup>(8)</sup>	Mingzhu Avenue, Yantian District	Shenzhen	Residential
16	Shenzhen Dapeng Xiasha Project <sup>(3)</sup>	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 <sup>(2)(7)</sup>	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.)	
<b>The Pearl River Delta</b>							
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	694,126	240,625	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	869,800	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	–	622,769	153,548	100%
25	1-2	71,200	234,422	234,422	–	–	100%

Project Portfolio (continued)

No.	Project	Address	Location	Type <sup>(1)</sup>
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 <sup>(3)</sup>	Junction of Jiangnan Middle Road and Xihu No. 1 Road, Xihu District, Shilong Town	Dongguan	Residential
36	Dongguan Fenggang Project <sup>(3)</sup>	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 <sup>(6)(8)</sup>	No. 18 Sub-district, Jiangbei, Huicheng District	Huizhou	Commercial
39	Huizhou Yuan Zhou Project <sup>(4)</sup>	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
<b>The Western China Region</b>				
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	645,922	336,560	133,426	175,936	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	717,084	217,023	158,773	341,288	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	555,364	178,712	-	100%
39	-	20,400	61,200	-	-	61,200	100%
40	1-10	1,663,969	4,326,239	228,326	385,682	3,712,231	100%
41	1-3	169,331	295,754	-	-	295,754	100%
42	1-4	164,354	550,431	180,316	-	370,115	100%
43	1-4	192,711	325,487	96,192	171,360	57,935	100%
<b>The Western China Region</b>							
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	-	342,533	-	100%
50	-	29,541	116,390	116,390	-	-	100%
51	1-8	256,187	813,638	813,638	-	-	100%
52	1-2	84,980	369,035	133,511	83,342	152,182	100%
53	1-10	324,330	986,637	-	247,876	738,761	100%

Project Portfolio (continued)

No.	Project	Address	Location	Type <sup>(1)</sup>
<b>The Pan-Bohai Bay Rim</b>				
54	Shenyang Kaisa Center <sup>(8)</sup>	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 <sup>(3)</sup>	South of Ziyu Dong Street, East of Anqian Road, Lishan District	Anshan	Residential
59	Anshan Kaisa Plaza <sup>(2)(3)(4)</sup>	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 <sup>(3)</sup>	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 <sup>(3)</sup>	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
<b>The Central China Region</b>				
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
<b>The Yangtze River Delta</b>				
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 <sup>(8)</sup>	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

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.)	
<b>The Pan-Bohai Bay Rim</b>							
54	-	21,423	292,331	-	292,331	-	100%
55	1-2	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	89,315	117,281	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%
<b>The Central China Region</b>							
69	1-4	673,536	938,203	938,203	-	-	100%
70	-	21,770	108,731	108,731	-	-	100%
71	1-3	147,067	444,314	-	184,334	259,980	100%
72	1-3	222,182	597,728	597,728	-	-	100%
73	1-3	181,493	605,941	605,941	-	-	100%
74	1-2	40,351	156,136	-	156,136	-	100%
<b>The Yangtze River Delta</b>							
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%



Project Portfolio (continued)

No.	Project	Address	Location	Type <sup>(1)</sup>
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
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-Education 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 <sup>(3)</sup>	Lot No. 20-7, Hexinan Area, Jianye District	Nanjing	Residential
<b>Total<sup>(5)</sup></b>				

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 2016, 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.)	
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%
84	1-4	104,796	140,151	140,151	-	-	100%
85	-	23,307	84,448	84,448	-	-	100%
86	1-2	143,053	251,926	116,474	-	135,452	100%
87	1-3	117,255	331,724	124,978	206,746	-	100%
88	-	11,088	77,811	-	77,811	-	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	-	123,216	-	100%
95	1-2	59,629	197,069	-	197,069	-	100%
96	1-3	109,832	415,986	-	415,986	-	100%
		<b>13,699,442</b>	<b>37,103,997</b>	<b>18,163,479</b>	<b>7,036,972</b>	<b>11,903,546</b>	

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 2016, completed properties held for sale had a total GFA of approximately 2,525,586 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 2016. We have obtained land use rights certificates and construction works commencement permits for all of our properties under development.

Project	City	Project Phase	Total GFA or Estimated Total GFA [sq.m.]	Saleable GFA or Estimated Total Saleable GFA [sq.m.]
Shenzhen Kaisa City Plaza	Shenzhen	2(2)	240,625	182,398
Shenzhen Kaisa Qianhai Plaza	Shenzhen	2	149,689	113,449
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
Guangzhou Kaisa City Plaza	Guangzhou	2	113,419	84,120
Guangzhou Kaisa City Plaza	Guangzhou	3	60,914	60,914
Guangzhou Kaisa City Plaza	Guangzhou	4	115,259	64,191
Foshan Shunde Kaisa Golden World	Foshan	6(3)	43,154	42,789
Foshan Shunde Kaisa Golden World	Foshan	8	90,272	89,211
Dongguan Le Grand Bleu	Dongguan	2	158,773	158,773
Huizhou Kaisa Mansion No. 1	Huizhou	-	260,577	221,490
Huizhou Kaisa Center	Huizhou	3	178,712	151,905
Huizhou Riverbank New Town	Huizhou	3	235,288	199,994
Huizhou Riverbank New Town	Huizhou	4	150,394	127,835
Zhuhai Golden World	Zhuhai	2	79,318	42,004
Zhuhai Golden World	Zhuhai	3	92,042	78,503
Chengdu Kaisa City Plaza	Chengdu	3	96,246	84,977
Chengdu Kaisa City Plaza	Chengdu	4	96,558	80,041
Chengdu Kaisa Leading Town	Chengdu	1	129,086	89,175
Chengdu Kaisa Leading Town	Chengdu	2	213,447	154,624
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 Qianhai Plaza	March 2016	Not yet obtained	2018 2nd quarter	51%
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%
Guangzhou Kaisa City Plaza	November 2015	Not yet obtained	2019 2nd quarter	100%
Guangzhou Kaisa City Plaza	November 2015	Not yet obtained	2019 3rd quarter	100%
Guangzhou Kaisa City Plaza	November 2015	Not yet obtained	2019 4th quarter	100%
Foshan Shunde Kaisa Golden World	April 2016	Not yet obtained	2017 4th quarter	100%
Foshan Shunde Kaisa Golden World	August 2011	Not yet obtained	2018 4th quarter	100%
Dongguan Le Grand Bleu	May 2016	Not yet obtained	2019 2nd quarter	100%
Huizhou Kaisa Mansion No. 1	April 2014	Yes	2016 2nd quarter	100%
Huizhou Kaisa Center	August 2013	Yes	2017 2nd quarter	100%
Huizhou Riverbank New Town	October 2011	Yes	2016 3rd quarter	100%
Huizhou Riverbank New Town	December 2013	Yes	2016 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	February 2016	Yes	2018 2nd quarter	100%
Chengdu Kaisa City Plaza	April 2016	Not yet obtained	2018 2nd quarter	100%
Chengdu Kaisa Leading Town	August 2014	Yes	2016 4th quarter	100%
Chengdu Kaisa Leading Town	April 2015	Yes	2017 4th quarter	100%
Chongqing Kaisa Plaza	September 2013	Yes	2017 2nd quarter	100%

Project Portfolio (continued)

Project	City	Project Phase	Total GFA or Estimated Total GFA (sq.m.)	Saleable GFA or 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	2	89,315	57,209
Dalian Kaisa Center	Dalian	-	156,239	118,619
Changsha Meixi Lake Project	Changsha	1	78,634	52,393
Changsha Meixi Lake Project	Changsha	2	105,700	89,347
Wuhan Kaisa Mansion No.1	Wuhan	1	156,136	119,219
Shanghai Kaisa City Plaza	Shanghai	2	78,431	53,808
Shanghai Kaisa City Plaza	Shanghai	3	128,315	83,859
Shanghai Pudong Project	Shanghai	-	77,811	77,811
Shanghai Kaisa Monarch Residence	Shanghai	-	212,240	141,267
Hangzhou Puyu Court	Hangzhou	-	207,476	140,336
Suzhou Kaisa Plaza	Suzhou	1	72,448	57,227
Suzhou Kaisa Plaza	Suzhou	2	50,768	36,607
Suzhou Kaisa Monarch Residence	Suzhou	-	197,069	167,509
Nanjing Kaisa City Plaza	Nanjing	1	119,186	68,455
Nanjing Kaisa City Plaza	Nanjing	2	118,189	83,302
Nanjing Kaisa City Plaza	Nanjing	3	178,611	127,878
<b>Total</b>			<b>7,036,972</b>	<b>5,114,065</b>

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	Yes	2017 2nd quarter	100%
Shenyang Kaisa Center	May 2012	Yes	2016 4th quarter	100%
Benxi Lake View Place	September 2011	Yes	2016 3rd 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	June 2016	Yes	2017 4th quarter	100%
Dalian Kaisa Center	September 2013	Yes	2016 3rd quarter	100%
Changsha Meixi Lake Project	May 2015	Yes	2017 4th quarter	100%
Changsha Meixi Lake Project	November 2015	Not yet obtained	2017 4th quarter	100%
Wuhan Kaisa Mansion No.1	November 2014	Yes	2017 4th quarter	100%
Shanghai Kaisa City Plaza	December 2013	Yes	2017 4th quarter	100%
Shanghai Kaisa City Plaza	March 2014	Yes	2017 4th quarter	100%
Shanghai Pudong Project	March 2016	Not yet obtained	2018 4th quarter	100%
Shanghai Kaisa Monarch Residence	June 2016	Not yet obtained	2018 4th quarter	100%
Hangzhou Puyu Court	May 2014	Yes	2017 2nd quarter	100%
Suzhou Kaisa Plaza	August 2014	Yes	2017 4th quarter	100%
Suzhou Kaisa Plaza	March 2016	Not yet obtained	2018 2nd quarter	100%
Suzhou Kaisa Monarch Residence	November 2014	Yes	2017 4th quarter	100%
Nanjing Kaisa City Plaza	November 2014	Yes	2017 1st quarter	100%
Nanjing Kaisa City Plaza	February 2016	Yes	2018 2nd quarter	100%
Nanjing Kaisa City Plaza	April 2016	Not yet obtained	2018 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 2016.

Project	Location	Project Phase	Estimated Total GFA (sq.m.)	Estimated Completion Time <sup>(1)</sup>
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
Guangzhou Tongbao Project	Guangzhou	–	230,577	2019
Guangzhou Kaisa City Plaza	Guangzhou	1(3)	153,548	2017
Foshan Shunde Kaisa Golden World	Foshan	6-9	175,936	2017
Dongguan Le Grand Bleu	Dongguan	3-4	341,288	2019
Dongguan Shilong Project	Dongguan	–	10,131	2019
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
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	2017
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	117,281	2018
Liaoyang Gongchangling Project	Liaoyang	–	256,975	2019
Changsha Meixi Lake Project	Changsha	1-2	259,980	2018
Taizhou Kaisa Mansion No. 1	Taizhou	2-3	253,896	2018
Shanghai Kaisa Mansion No. 8	Shanghai	2	135,452	2018
<b>Total</b>			<b>11,903,546</b>	

Note:

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

## 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 2016, 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 2016, no options were granted under the Share Option Scheme. For the six months ended 30 June 2016, no options were exercised and cancelled, and a total of 9,176,000 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 2016 pursuant to the Share Option Scheme:

Grantee	Balance as of 1 January 2016 (Note 1)	Grant during the six months ended 30 June 2016	Exercised during the six months ended 30 June 2016	Cancelled/ forfeited/ lapsed during the six months ended 30 June 2016	Balance as of 30 June 2016
<b>Directors</b>					
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
<b>Other employees</b>					
In aggregate	95,004,000	–	–	(9,176,000)	85,828,000
<b>Total</b>	<b>123,612,000</b>	<b>–</b>	<b>–</b>	<b>(9,176,000)</b>	<b>114,436,000</b>

As at 30 June 2016, a total of 85,298,000 options were exercisable.

Note:

- (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 2016, please refer to Note 26 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.



## 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 2016 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	Approximate percentage of the issued share capital of the Company (Note) (%)
KWOK Ying Shing	Interest in a controlled corporation	843,065,378	16.42%

Note: The percentages were calculated based on 5,135,427,910 Shares in issue as at 30 June 2016.

### (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 2016, assuming all the options granted under the Share Option Scheme have been exercised.

Save for those disclosed above, as at 30 June 2016, 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 2016, 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	843,065,378 (L) (Note 2)	16.42%
Da Feng	Beneficial owner	843,065,378 (L) (Note 2)	16.42%
Da Zheng	Beneficial owner	843,065,377 (L) (Note 2)	16.41%
Funde Sino Life Insurance Co., Ltd.	Beneficial owner Interest in a controlled corporation	649,700,957 (L) 887,995,149 (L) (Note 3)	29.94%
Fund Resources Investment Holding Group Company Limited	Beneficial owner	887,995,149 (L)	17.29%
Kwok Ying Chi	Interest in a controlled corporation	843,065,377 (L)	16.41%
Kwok Hiu Kwan	Interest in a controlled corporation	843,065,378 (L)	16.42%

Notes:

- The letter "L" denotes the person's long position in the Shares and the letter "S" denotes the person's short position in the Shares.
- Each of Da Zheng Investment Company Limited ("**Da Zheng**"), Da Feng Investment Company Limited ("**Da Feng**") and Da Chang Investment Company Limited ("**Da Chang**") is wholly owned by Mr. Kwok Ying Chi, Mr. Kwok Ying Shing and Mr. Kwok Hiu Kwan, respectively.
- 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 2016. 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.
- The percentage were calculated based on 5,135,427,910 Shares in issue as at 30 June 2016.

Save for those disclosed above, as at 30 June 2016, 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.



## 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 32 to 64, 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 2016 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".

#### **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 2016

	Notes	Unaudited Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
<b>Revenue</b>	5	<b>4,997,768</b>	4,075,704
Cost of sales	18	<b>(4,116,807)</b>	(4,277,719)
<b>Gross profit/(loss)</b>		<b>880,961</b>	(202,015)
Other gains/(losses), net	17	<b>23,140</b>	(107,487)
Selling and marketing costs	18	<b>(280,616)</b>	(174,932)
Administrative expenses	18	<b>(570,372)</b>	(374,611)
Changes in fair value of investment properties		<b>4,573,475</b>	1,932,993
Changes in fair value of financial derivatives		<b>-</b>	(42,219)
<b>Operating profit</b>		<b>4,626,588</b>	1,031,729
<b>Share of results from associates</b>		<b>8,249</b>	(1,177)
Finance income		<b>14,841</b>	8,737
Finance costs		<b>(772,510)</b>	(512,113)
<b>Finance costs, net</b>	19	<b>(757,669)</b>	(503,376)
<b>Profit before income tax</b>		<b>3,877,168</b>	527,176
Income tax expenses	20	<b>(1,355,313)</b>	(665,614)
<b>Profit/(loss) and total comprehensive income/(loss) for the period</b>		<b>2,521,855</b>	(138,438)
<b>Profit/(loss) for the period and total comprehensive income/ (loss) for the period attributable to:</b>			
Equity holders of the Company		<b>2,529,588</b>	(180,251)
Non-controlling interests		<b>(7,733)</b>	41,813
		<b>2,521,855</b>	(138,438)
<b>Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company during the period (expressed in RMB per share)</b>	21		
- Basic		<b>0.493</b>	(0.035)
- Diluted		<b>0.437</b>	(0.035)

The notes on pages 37 to 64 form an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property and equipment	6	1,100,546	760,171
Investment properties	6	29,731,520	20,738,703
Land use rights	6	159,799	162,942
Goodwill and intangible assets	8	240,529	-
Investments in associates	7	972,071	783,175
Available-for-sale financial assets		96,903	-
Long-term bank deposits		1,479	1,479
Deferred income tax assets		32,207	32,207
		<b>32,335,054</b>	<b>22,478,677</b>
<b>Current assets</b>			
Properties under development	10	60,808,294	63,861,735
Completed properties held for sale	10	20,687,218	17,663,012
Available-for-sale financial assets		10,000	10,000
Debtors, deposits and other receivables	9	4,951,639	5,357,835
Deposits for land acquisition	10	17,596,004	4,002,386
Prepayments for proposed development projects		10,900,090	10,566,950
Prepaid taxes		692,782	298,157
Restricted cash		2,194,623	969,403
Short-term bank deposits		35,700	13,974
Cash and cash equivalents		6,540,331	2,324,546
		<b>124,416,681</b>	<b>105,067,998</b>
<b>Current liabilities</b>			
Advance proceeds received from customers and deposits received	14	22,052,085	14,524,168
Accrued construction costs		13,145,383	14,591,720
Income tax payable		3,894,892	3,989,909
Borrowings	13	25,481,145	33,713,019
Other payables	15	7,406,183	5,287,570
Amounts due to non-controlling interests of subsidiaries	16	672,449	672,405
		<b>72,652,137</b>	<b>72,778,791</b>
<b>Net current assets</b>		<b>51,764,544</b>	<b>32,289,207</b>
<b>Total assets less current liabilities</b>		<b>84,099,598</b>	<b>54,767,884</b>

Condensed Consolidated Interim Statement of Financial Position (continued)  
As at 30 June 2016

	Notes	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
<b>Non-current liabilities</b>			
Borrowings	13	53,886,375	38,405,150
Deferred income tax liabilities		4,306,458	3,163,089
		<b>58,192,833</b>	41,568,239
<b>Net assets</b>		<b>25,906,765</b>	13,199,645
<b>EQUITY</b>			
Share capital	11	450,450	450,450
Share premium	11	4,253,704	4,253,704
Reserves	12	11,378,809	8,845,390
<b>Equity attributable to equity holders of the Company</b>		<b>16,082,963</b>	13,549,544
<b>Non-controlling interests</b>		<b>9,823,802</b>	(349,899)
<b>Total equity</b>		<b>25,906,765</b>	13,199,645

**Kwok Ying Shing**  
Director

**Zheng Yi**  
Director

The notes on pages 37 to 64 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 2016

	<b>Unaudited</b>					
	<b>Capital and reserves attributable to equity holders of the Company</b>					
	<b>Share capital</b>	<b>Share premium</b>	<b>Reserves</b>	<b>Total</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
	RMB'000 (note 11)	RMB'000 (note 11)	RMB'000 (note 12)	RMB'000	RMB'000	RMB'000
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)
<b>Transactions with owners</b>						
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
Balance as at 1 January 2016	450,450	4,253,704	8,845,390	13,549,544	(349,899)	13,199,645
Total comprehensive income/(loss) for the period	-	-	2,529,588	2,529,588	(7,733)	2,521,855
<b>Transactions with owners</b>						
Acquisitions of subsidiaries (note 25)	-	-	(214)	(214)	10,181,434	10,181,220
Share-based payments	-	-	4,045	4,045	-	4,045
<b>Balance as at 30 June 2016</b>	<b>450,450</b>	<b>4,253,704</b>	<b>11,378,809</b>	<b>16,082,963</b>	<b>9,823,802</b>	<b>25,906,765</b>

The notes on pages 37 to 64 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 2016

**Unaudited**  
**Six months ended 30 June**

Note	2016 RMB'000	2015 RMB'000
<b>Cash flows from operating activities</b>		
	<b>9,651,013</b>	(574,274)
	<b>(735,670)</b>	(156,866)
	<b>(2,098,047)</b>	(2,184,585)
	<b>6,817,296</b>	(2,915,725)
<b>Cash flows from investing activities</b>		
6	<b>(60,848)</b>	(10,818)
6	<b>(2,515,902)</b>	(410,220)
	<b>(26,852)</b>	-
25	<b>(5,762,005)</b>	-
	-	2,016
	<b>(21,726)</b>	94,749
	-	63,216
	<b>14,841</b>	8,737
	-	56,823
	<b>(8,372,492)</b>	(195,497)
<b>Cash flows from financing activities</b>		
13(a)	<b>14,493,345</b>	728,700
13(a)	<b>(8,724,823)</b>	(1,354,512)
	-	1,377,000
	<b>5,768,522</b>	751,188
<b>Net increase/(decrease) in cash and cash equivalents</b>		
	<b>4,213,326</b>	(2,360,034)
	<b>2,324,546</b>	3,131,154
	<b>2,459</b>	(214)
	<b>6,540,331</b>	770,906

The notes on pages 37 to 64 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 2016

## 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 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

This condensed consolidated interim financial information for the six months ended 30 June 2016 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 2015, 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 2015, as described in the annual financial statements, except as described below:

- (i) The following additional accounting policies are adopted as a result of the business combination occurred during the period:

*Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of intangible assets and their fair values can be measured reliably. The cost of such intangible assets is their fair values at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment loss. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment loss.

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

(iii) **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 year beginning on 1 January 2016.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012 – 2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements

The application of the above amended standards which are effective for the financial period beginning on 1 January 2016 did not have material financial effect to the Group.



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

### (iv) 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 year beginning on 1 January 2016 that are relevant to and have not been adopted early by the Group:

		Effective for the accounting period beginning on or after
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers	1 January 2018
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 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 2015.

## 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 2015.

There have been no changes in the risk management policies of the Group since year ended 31 December 2015.

## 4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

### 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 2016 and 31 December 2015, 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 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, management assessed the performance of sales of properties, rental income, property management services, hotel and catering operations and cinema, department store and cultural centre operations and regarded these being the reportable segments. 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 risks and returns.

Revenue for the period consists of the following:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Sales of properties		
– Completed properties held for sale	<b>4,584,115</b>	3,769,436
Rental income	<b>123,342</b>	110,886
Property management services	<b>163,441</b>	121,798
Hotel and catering operations	<b>36,636</b>	30,130
Cinema, department store and cultural centre operations	<b>63,597</b>	43,454
Others	<b>26,637</b>	–
	<b>4,997,768</b>	4,075,704

## 5. REVENUE AND SEGMENT INFORMATION *(Continued)*

The segment information provided to the executive directors of the Company for the reportable segments for the period ended 30 June 2016 is 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	Others RMB'000	Total RMB'000
Revenue	4,584,115	128,493	269,542	38,474	64,113	26,637	5,111,374
Less: Inter-segment revenue	-	(5,151)	(106,101)	(1,838)	(516)	-	(113,606)
Revenue from external customers	4,584,115	123,342	163,441	36,636	63,597	26,637	4,997,768
Segment results before changes in fair value of investment properties and share of results from associates	90,059	59,337	59,419	(27,516)	(63,100)	10,349	128,548
Share of results from associates (note 7)	8,249	-	-	-	-	-	8,249
Changes in fair value of investment properties (note 6)	-	4,573,475	-	-	-	-	4,573,475
Segment results	98,308	4,632,812	59,419	(27,516)	(63,100)	10,349	4,710,272
Corporate and other unallocated expenses							(75,435)
Finance income							14,841
Finance costs							(772,510)
Finance costs - net (note 19)							(757,669)
Profit before income tax							3,877,168
Income tax expenses (note 20)							(1,355,313)
Profit for the period							2,521,855

	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	Others RMB'000	Unallocated RMB'000	Total RMB'000
<b>Other information:</b>								
Depreciation (notes 6, 18)	13,591	1,881	1,509	10,932	3,679	-	1,946	33,538
Amortisation of land use rights (notes 6, 18)	1,051	-	-	934	1,158	-	-	3,143
Write-down of completed properties held for sale and properties under development (note 17)	8,333	-	-	-	-	-	-	8,333



## 5. REVENUE AND SEGMENT INFORMATION (Continued)

The segment information provided to the executive directors of the Company for the reportable segments for the period ended 30 June 2015 is 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	Total 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 shares 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 19)						(503,376)
Profit before income tax						527,176
Income tax expenses (note 20)						(665,614)
Loss for the period						(138,438)

	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	Unallocated RMB'000	Total RMB'000
<b>Other information:</b>							
Depreciation (notes 6, 18)	27,526	3,083	2,259	16,518	4,425	3,690	57,501
Amortisation of land use rights (notes 6, 18)	1,080	-	-	904	1,159	-	3,143
Write-down of completed properties held for sale and properties under development (note 17)	129,175	-	-	-	-	-	129,175

## 5. REVENUE AND SEGMENT INFORMATION *(Continued)*

The segment assets and liabilities as at 30 June 2016 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	Others RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	263,153,434	12,005,787	3,035,337	2,389,941	509,358	4,045,252	(129,219,266)	155,919,843
Unallocated								831,892
<b>Total assets</b>								<b>156,751,735</b>
Segment liabilities	158,666,235	3,783	1,788,508	1,653,991	574,400	14,534,344	(133,945,162)	43,276,099
Unallocated								87,568,871
<b>Total liabilities</b>								<b>130,844,970</b>
<b>Other information:</b>								
Capital expenditure (note 6)	3,927	2,463,278	568	3,516	6,164	99,297	-	2,576,750

The segment assets and liabilities as at 31 December 2015 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	230,715,816	15,261,027	2,202,259	2,402,689	404,888	(123,780,368)	127,206,311
Unallocated							340,364
<b>Total assets</b>							<b>127,546,675</b>
Segment liabilities	151,056,825	2,167,609	1,568,503	1,457,390	319,788	(121,498,966)	35,071,149
Unallocated							79,275,881
<b>Total liabilities</b>							<b>114,347,030</b>
<b>Other information:</b>							
Capital expenditure	17,570	661,649	1,236	2,074	1,289	-	683,818

## 5. REVENUE AND SEGMENT INFORMATION *(Continued)*

No material revenue are derived from single external customer (for the period ended 30 June 2015: None).

Segment assets consist primarily of property and equipment, investment properties, investments in associates, goodwill and intangible assets, 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, 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 deferred income tax liabilities, financial derivatives, 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
<b>Six months ended 30 June 2016</b>			
Opening net carrying amount at 1 January 2016	760,171	20,738,703	162,942
Transfer from deposits for land acquisition	-	1,942,193	-
Transfer to completed properties held for sale	-	(38,753)	-
Acquisitions of subsidiaries (note 25)	313,165	-	-
Additions	60,848	2,515,902	-
Amortisation (note 18)	-	-	(3,143)
Depreciation (note 18)	(33,538)	-	-
Disposals	(100)	-	-
Increase in fair value	-	4,573,475	-
Closing net carrying amount at 30 June 2016	<b>1,100,546</b>	<b>29,731,520</b>	<b>159,799</b>



## 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
<b>Six months ended 30 June 2015</b>			
Opening net carrying amounts at 1 January 2015	848,179	16,256,160	169,228
Additions	10,821	410,220	-
Amortisation (note 18)	-	-	(3,143)
Depreciation (note 18)	(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

As at 30 June 2016, the net carrying amounts of property and equipment of approximately RMB199,000 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 2016 and 2015. 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 capitalizing 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 2016 RMB'000	Audited 31 December 2015 RMB'000
Investment costs	954,909	786,761
Acquisition of subsidiaries (note 25(a))	8,913	-
Share of results from associates	8,249	(3,586)
	<b>972,071</b>	<b>783,175</b>

## 8. GOODWILL AND INTANGIBLE ASSETS

	Goodwill RMB'000 (note (i))	Unaudited Sports players' registrations RMB'000 (note (ii))	Total RMB'000
Acquisitions of subsidiaries	106,240	107,437	213,677
Additions	-	26,852	26,852
Net carrying amount as at 30 June 2016	<b>106,240</b>	<b>134,289</b>	<b>240,529</b>

Note:

- (i) The Group's goodwill was arising from business combination in connection with the acquisition of Shenzhen Football Club Co., Ltd. (note 25(b)) for the six months ended 30 June 2016.
- (ii) Sports players' registrations represent the costs of acquiring sports players' registrations or extending their contracts, including agent's fees. The remaining amortisation period of the players' registrations is based on respective players' contracts ranging from 1 to 4 years.

## 9. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Trade receivables (note a)	488,274	625,756
Other receivables	1,081,172	1,841,949
Other deposits	493,310	349,360
Prepayments (note b)	1,715,804	1,978,988
Prepaid other taxes	1,173,079	561,782
	<b>4,951,639</b>	<b>5,357,835</b>

As at 30 June 2016 and 31 December 2015, the carrying amounts of debtors, deposits and other receivables approximate their fair values.

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 dates is as follows:

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Within 90 days	241,203	186,102
91-180 days	4	7
181-270 days	-	98
271-365 days	136	187
Over 365 days	246,931	439,362
	<b>488,274</b>	<b>625,756</b>

Included in the Group's trade receivables balances of nil and RMB6,130,000 as at 30 June 2016 and 31 December 2015, respectively, were not yet due, the balances represented receivables from sales of commercial and residential properties, properties under development/held for sale and proposed development projects from independent third parties. These receivables were repayable within one year after the completion of certain legal documents, which were expected to be settled in the next year.

Ageing of trade receivables which were past due but not impaired:

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Overdue within 90 days	241,203	179,972
Overdue within 91-180 days	4	7
Overdue within 181-270 days	-	98
Overdue within 271-365 days	136	187
Overdue over 365 days	246,931	439,362
	<b>488,274</b>	<b>619,626</b>



## 9. DEBTORS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(a) *(Continued)*

Receivables that were past due but not impaired primarily represented by receivables from sales of residential properties to independent third parties of which the majority of the balances were due from the 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 the approval of these financial statements, the amounts of RMB406,814,000 and RMB552,610,000 of trade receivables as at 30 June 2016 and 31 December 2015, respectively, have been settled.

- (b) Prepayments mainly represent prepayments of purchase of construction of materials and services.
- (c) The maximum credit 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 2016 and 31 December 2015, there is no provision made for trade and other receivables and no trade and other receivables were impaired.

## 10. 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 and investment properties when the rights to use the lands have been obtained.

As at 30 June 2016, the net carrying amounts of properties under development and completed properties held for sale of approximately RMB3,053,505,000 and RMB869,514,000, respectively, 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 RMB736,384,000 which were remained partially restricted.

## 11. SHARE CAPITAL AND SHARE PREMIUM

		Unaudited			
	Number of	Nominal	Equivalent	Share	Total
	ordinary	value of	nominal	premium	
	shares	ordinary	value of		
		shares	ordinary		
		HK\$'000	shares	RMB'000	RMB'000
Issued and fully paid:					
As at 1 January 2015, 30 June 2015,					
1 January 2016 and 30 June 2016	5,135,427,910	513,543	450,450	4,253,704	4,704,154

Issued and fully paid:

As at 1 January 2015, 30 June 2015,

1 January 2016 and 30 June 2016

5,135,427,910      513,543      450,450      4,253,704      4,704,154

## 12. 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 13(c))	Special reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance as 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 as at 30 June 2015	382	24,835	758,043	64,801	(487,047)	220,824	-	9,205,026	9,786,864
Balance as at 1 January 2016	<b>382</b>	<b>24,835</b>	<b>834,530</b>	<b>55,328</b>	<b>(487,047)</b>	<b>220,824</b>	-	<b>8,196,538</b>	<b>8,845,390</b>
Total comprehensive income for the period	-	-	-	-	-	-	-	2,529,588	2,529,588
Acquisition of subsidiaries	-	-	-	-	-	-	(214)	-	(214)
Share-based payments	-	-	-	4,045	-	-	-	-	4,045
Share options lapsed	-	-	-	(4,633)	-	-	-	4,633	-
Balance as at 30 June 2016	<b>382</b>	<b>24,835</b>	<b>834,530</b>	<b>54,740</b>	<b>(487,047)</b>	<b>220,824</b>	<b>(214)</b>	<b>10,730,759</b>	<b>11,378,809</b>

### 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 register 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 26).

### 13. BORROWINGS

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings – secured (notes a and d)	34,761,143	24,998,806
Bank borrowings – unsecured (note a)	3,762,000	1,270,000
Other borrowings – secured (notes a and d)	12,698,232	10,299,344
Other borrowings – unsecured (note a)	2,665,000	460,000
Loan from a related company (note e)	–	1,377,000
	<b>53,886,375</b>	38,405,150
Borrowings included in current liabilities:		
Bank borrowings – secured (notes a and d)	1,054,419	4,515,156
Bank borrowings – unsecured (note a)	1,000,346	2,609,467
Other borrowing – secured (notes a and d)	749,805	5,983,299
Other borrowing – unsecured (note a)	1,105,119	1,380,730
Loan from a related company (note e)	2,877,000	1,500,000
Senior Notes (note b)	17,003,636	16,098,577
Convertible Bonds (note c)	1,690,820	1,625,790
	<b>25,481,145</b>	33,713,019
Total borrowings	<b>79,367,520</b>	72,118,169

Notes:

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

	Unaudited	
	2016 RMB'000	2015 RMB'000
<b>Six months ended 30 June</b>		
Carrying amount as at 1 January	51,516,802	48,895,405
Additions	14,493,345	728,700
Acquisitions of subsidiaries (note 25)	510,740	–
Repayments	(8,724,823)	(1,354,512)
Carrying amount as at 30 June	<b>57,796,064</b>	48,269,593



### 13. BORROWINGS *(Continued)*

Notes: *(Continued)*

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

	Unaudited						
	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	Total RMB'000
<b>Six months ended 30 June 2016</b>							
Carrying amount as at 1 January	1,906,230	3,580,350	4,020,262	1,951,269	1,786,978	2,853,488	16,098,577
Accrued interest (note 19)	63,610	119,201	132,213	127,471	60,941	94,934	598,370
Exchange difference	41,326	77,616	87,129	-	38,760	61,858	306,689
Carrying amount as at 30 June	2,011,166	3,777,167	4,239,604	2,078,740	1,886,679	3,010,280	17,003,636

	Unaudited						
	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	Total RMB'000
<b>Six months ended 30 June 2015</b>							
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 19)	101,183	156,482	163,703	62,084	56,969	110,242	650,663
Acceleration of unwinding interest (note 19)	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

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").

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").

### 13. BORROWINGS (Continued)

Notes: (Continued)

(b) Senior Notes (Continued)

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 cost	(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

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 19). The Company had negotiated with the noteholders on executing debt restructuring, details of which have been disclosed in note (f) below. There was no unwinding of interest was accelerated for the six months ended 30 June 2016.

(c) Convertible Bonds

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

The 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 12).

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.

### 13. BORROWINGS (Continued)

Notes: (Continued)

(c) Convertible Bonds (Continued)

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

	RMB'000
<b>Face value of the Convertible Bonds on date of issue</b>	1,500,000
Less: Equity component (note 12)	(220,824)
Transaction costs	(47,209)
	<hr/>
<b>Liability component on initial recognition</b>	<b>1,231,967</b>

Movements in Convertible Bonds are analysed as follows:

	Unaudited	
	2016 RMB'000	2015 RMB'000
<b>Six months ended 30 June</b>		
Carrying amount as at 1 January	1,625,790	1,437,385
Accrued interest (note 19)	65,030	59,954
Coupon payment (note 19)	–	65,919
	<hr/>	<hr/>
Carrying amount as at 30 June	<b>1,690,820</b>	1,563,258

There was no conversion and redemption during the six months ended 30 June 2016 and 2015.

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 19). The Company had negotiated with the bondholders on executing debt restructuring, details of which have been disclosed in note (f) below. There was no unwinding of interest was accelerated for the six months ended 30 June 2016.

- (d) The Group's bank and other borrowings of RMB49,263,599,000 (unaudited) (31 December 2015: RMB45,796,605,000 (audited)) were jointly secured by certain properties, investment properties, land use rights, properties under development, completed properties held for sales of the Group and certain shares of Group's subsidiaries.

Bank and other borrowings are guaranteed by:

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Group companies		
– Secured	43,577,212	43,569,605
– Unsecured	4,229,820	3,396,704
	<hr/>	<hr/>
	<b>47,807,032</b>	46,966,309

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



### 13. BORROWINGS *(Continued)*

Notes: *(Continued)*

- (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 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 for the indenture stated below.

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.

#### 14. ADVANCE PROCEEDS RECEIVED FROM CUSTOMERS AND DEPOSITS RECEIVED

The amount of RMB22,052,085,000 (unaudited) (31 December 2015: RMB14,524,168,000 (audited)) represents deposits and installments received on properties sold to independent third parties after the issuance of presale certificates by local government authorities.

#### 15. OTHER PAYABLES

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Other payables and accruals	4,882,077	4,882,120
Note payables	166,093	96,930
Consideration payables related to purchase of subsidiaries	1,898,636	45,417
Other taxes payables	282,220	263,103
Amounts due to associates (note)	177,157	-
	<b>7,406,183</b>	<b>5,287,570</b>

Note: The amounts due are unsecured, interest-free and repayable on demand.

#### 16. AMOUNTS DUE TO NON-CONTROLLING INTERESTS OF SUBSIDIARIES

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

#### 17. OTHER GAINS/(LOSSES) – NET

	Unaudited Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Forfeited customer deposits	3,168	2,579
Write-down of completed properties held for sale and properties under development	(8,333)	(129,175)
Government subsidy income	32,927	26,205
Loss on disposal of property and equipment	(100)	(6,243)
Others	(4,522)	(853)
	<b>23,140</b>	<b>(107,487)</b>

## 18. 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	
	2016 RMB'000	2015 RMB'000
Auditors' remuneration	230	230
Advertising and other promotional costs	125,236	82,945
Agency fee	44,269	11,825
Business taxes (note 6)	276,261	253,059
Cost of properties sold	3,632,864	3,903,207
Donations	16,002	-
Legal and professional fees	91,982	33,722
Depreciation (note 6)	33,538	57,501
Amortisation of land use rights (note 6)	3,143	3,143
Staff costs-including directors' emoluments	248,480	221,385
Office expenses	36,574	24,557
Operating lease rental	23,980	16,064
Others	435,236	219,624
	<b>4,967,795</b>	<b>4,827,262</b>

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.

## 19. FINANCE COSTS – NET

	Unaudited Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
<b>Finance income</b>		
Interest income on bank deposits	14,841	8,737
<b>Finance costs</b>		
Interest expense:		
– Bank and other borrowings	2,041,024	1,983,142
– Senior Notes (note 13(b))	598,370	868,110
– Convertible Bonds (note 13(c))	65,030	125,873
Total interest expense	2,704,424	2,977,125
Less: interest capitalised (note)	(2,293,167)	(2,499,427)
	411,257	477,698
Net exchange losses	361,253	34,415
	772,510	512,113
<b>Finance costs – net</b>	<b>(757,669)</b>	<b>(503,376)</b>

Note: The capitalisation rate of borrowings is 12.66% (2015: 11.25%) for the period.



## 20. INCOME TAX EXPENSES

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

### PRC enterprise income tax

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2015: 25%).

### Hong Kong profits tax

No Hong Kong profits tax was provided for the six months ended 30 June 2016 and 2015 as the Group has no assessable profits arising in or derived from Hong Kong for the periods.

### 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.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
Current income tax		
– PRC enterprise income tax	<b>157,116</b>	169,096
– PRC land appreciation tax	<b>54,828</b>	13,270
Deferred income tax	<b>1,143,369</b>	483,248
	<b>1,355,313</b>	665,614

## 21. EARNINGS/(LOSS) PER SHARE

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
Profit/(loss) attributable to equity holders of the Company (RMB'000)	<b>2,529,588</b>	(180,251)
Weighted average number of ordinary shares in issue	<b>5,135,427,910</b>	5,135,427,910
Basic earnings/(loss) per share (RMB)	<b>0.493</b>	(0.035)

## 21. EARNINGS/(LOSS) PER SHARE *(Continued)*

The calculation of basic earnings/(loss) per share is based on the Group's profit attributable to equity holders of the Company of RMB2,529,588,000 (unaudited) (2015: loss of RMB180,251,000 (unaudited)) and the weighted average number of 5,135,427,910 (2015: 5,135,427,910) ordinary shares in issue during the period.

	Unaudited Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Profit/(loss) attributable to equity holders of the Company	2,529,588	(180,251)
Adjustment for profit and loss effect on convertible bonds	5,277	-
Profit/(loss) used to determine diluted earnings/(loss) per shares	2,534,865	(180,251)

	Number of shares Six months ended 30 June	
	2016	2015
Weighted average number of ordinary shares in issue	5,135,427,910	5,135,427,910
- Adjustment for the convertible bonds	662,184,424	-
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share	5,797,612,334	5,135,427,910
Diluted earnings/(loss) per share (RMB)	0.437	(0.035)

Diluted earnings/(loss) per share for the six months ended 30 June 2016 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).

For the six months ended 30 June 2016, 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, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as they had no dilutive effect for the period.

The diluted loss per share for the six months ended 30 June 2016 was the same as the basic loss per share as the potential ordinary shares were anti-dilutive.

## 22. DIVIDEND

No interim dividend was declared by the Company for the six months ended 30 June 2016 and 2015.

## 23. FINANCIAL GUARANTEES CONTRACTS

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

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the property units	<b>16,862,612</b>	15,105,912

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.

## 24. COMMITMENTS

### (a) Commitments for property development expenditures

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Contracted but not provided for	<b>25,008,858</b>	24,511,831

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



## 24. COMMITMENTS *(Continued)*

### (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 2016 RMB'000	Audited 31 December 2015 RMB'000
Not later than one year	26,233	22,884
Later than one year and not later than five years	24,378	14,301
Later than five years	486	648
	<b>51,097</b>	<b>37,833</b>

### (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 2016 RMB'000	Audited 31 December 2015 RMB'000
Not later than one year	268,895	194,728
Later than one year and not later than five years	1,057,242	484,406
Later than five years	331,144	305,882
	<b>1,657,281</b>	<b>985,016</b>

## 25. ACQUISITIONS OF SUBSIDIARIES

### (a) Acquisition of Shenzhen Marine Group Company Limited ("Shenzhen Marine")

On 12 May 2016, the Group acquired 70% equity interest of Shenzhen Marine at a cash consideration of RMB5,822,438,000. Shenzhen Marine mainly held a piece of land located at Dongjiaoton in Nanshan District (the "Land") through a subsidiary and operates water-way passenger and cargo transportation business before they were acquired by the Group. The purpose of the acquisition was mainly for acquiring the Land for future development, while the water-way passenger and cargo transportation business was insignificant to the Group. Thus, the directors are of the view that the acquisition is treated as acquisition of deposits for land acquisition in substance.

## 25. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

### (a) Acquisition of Shenzhen Marine Group Company Limited (“Shenzhen Marine”) *(Continued)*

The business license of the subsidiary (the “entity”), which is entitled to the Land by an agreement with the government, has been expired in 2014 and applied for liquidation to the court. Based on the PRC laws and regulations, after the expiry of the operation period, the legal identity of the entity still exists and its net assets (net of the liquidation expenses and repayment to the creditors) will be distributed to the shareholders in accordance with the respective proportion of equity contributions.

Up to the date of this condensed consolidated interim financial information, the Group and the entity’s other shareholder have jointly worked and consulted with the relevant government departments on various matters, in particular compensation arrangement for land expropriation, relocation of the land for the purpose of re-development and city infrastructure and re-development plan which includes rezoning certain areas of the Land together with arrangements for the Land to be dividend between the shareholders. The final plan will be subject to court approval. As at 30 June 2016, the management determined the market value of the Land was estimated at RMB18 billion.

The identifiable assets and liabilities arising for the acquisition are as follows:

	2016 RMB’000
Property and equipment	311,719
Investments in associates (note 7)	8,913
Deposits for land acquisition	15,575,628
Available-for-sale financial assets	96,903
Debtors, deposits and other receivables	864,926
Cash and cash equivalents	263,521
Other payables	(596,930)
Advance deposits received from customers and deposits received	(1,591)
Income tax payable	(19,278)
Borrowings (note 13(a))	(510,740)
Net assets	15,993,071
Less: non-controlling interests	(10,170,633)
Net assets acquired	5,822,438
Purchase consideration settled in cash	5,822,438
Cash and cash equivalents in subsidiaries acquired	(263,521)
Cash outflow on acquisition of subsidiaries	5,558,917

## 25. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

### (b) Acquisition of Shenzhen Football Club Co., Ltd. (“Shenzhen Football Club”)

On 5 February 2016, the Group acquired 90% equity interest of Shenzhen Football Club at a cash consideration of RMB203,446,000 to diversify its business. Shenzhen Football Club is principally engaged in football operation. Thus, the directors are of the view that the acquisition constitutes acquisition of business.

The following table summarises the consideration paid for the acquisition, the fair value of the assets acquired and liabilities assumed at the acquisition date.

	2016 RMB'000
Property and equipment	1,446
Intangible assets – players’ registrations	107,437
Debtors, deposits and other receivables	239,300
Cash and cash equivalents	358
Other payables	(225,728)
Income tax payable	(14,806)
Net assets	108,007
Less: non-controlling interests	(10,801)
Net assets acquired	97,206
Purchase consideration settled in cash	203,446
Cash and bank balances in subsidiary acquired	(358)
Cash outflow on acquisition of the subsidiary	203,088
Total purchase consideration	203,446
Identifiable net assets acquired	(97,206)
Goodwill	106,240

## 26. 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.



## 26. SHARE OPTION *(Continued)* **Share Option Scheme** *(Continued)*

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

	<b>Unaudited</b>			
	30 June 2016		30 June 2015	
	Weighted average exercise price in HK\$	Number	Weighted average exercise price in HK\$	Number
At 1 January	1.690	123,612,000	1.844	236,872,000
Lapsed during the period	1.573	(9,176,000)	2.096	(93,351,000)
At 30 June	1.700	114,436,000	1.679	143,521,000

As at 30 June 2016, 85,298,000 (30 June 2015: 61,453,000) outstanding options granted under the Share Option Scheme were exercisable (note).

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 2016	30 June 2015
10/6/2010–9/6/2015	3.105	–	–
30/3/2011–29/3/2016	3.105	–	–
24/4/2012–23/4/2017	3.105	–	–
23/7/2011–22/7/2020	2.000	3,620,000	3,720,000
23/7/2012–22/7/2020	2.000	3,620,000	4,015,000
23/7/2013–22/7/2020	2.000	3,820,000	4,220,000
23/7/2014–22/7/2020	2.000	4,420,000	5,220,000
23/7/2015–22/7/2020	2.000	8,900,000	12,940,000
6/6/2013–5/6/2022	1.500	5,102,000	5,240,000
6/6/2014–5/6/2022	1.500	6,540,000	7,174,000
6/6/2015–5/6/2022	1.500	23,138,000	30,664,000
6/6/2016–5/6/2022	1.500	23,138,000	30,664,000
6/6/2017–5/6/2022	1.500	23,138,000	30,664,000
21/2/2015–20/2/2024	2.610	1,200,000	1,200,000
21/2/2016–20/2/2024	2.610	1,200,000	1,200,000
21/2/2017–20/2/2024	2.610	1,200,000	1,200,000
21/2/2018–20/2/2024	2.610	1,200,000	1,200,000
21/2/2019–20/2/2024	2.610	1,200,000	1,200,000
21/8/2015–20/8/2024	2.840	600,000	600,000
21/8/2016–20/8/2024	2.840	600,000	600,000
21/8/2017–20/8/2024	2.840	600,000	600,000
21/8/2018–20/8/2024	2.840	600,000	600,000
21/8/2019–20/8/2024	2.840	600,000	600,000
		<b>114,436,000</b>	143,521,000

## 26. 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 share 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 and an employee (the "August 2014 Grant") total of 3,000,000 share option respectively of HK\$0.10 each in the capital of the Company on 21 February 2014 and 21 August 2014 respectively. The valuations were based on the 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%

## 27. 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 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")

#### *Associates*

Shenzhen Qianhai Gold-Earth Wealth Management Co., Ltd. ("深圳前海金土財富管理有限公司")

Shenzhen Longcheng Plaza Properties Development Co., Ltd. ("深圳市龍城廣場房地產開發有限公司")

Shenzhen Shenxin Financial Investment Co., Ltd. ("深圳深信金融控股有限公司")

### (b) Key management compensation

	Unaudited Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Salaries and other short-term employee benefits	22,019	28,351
Retirement scheme contributions	113	135
Share option benefits	1,339	2,186
	<b>23,471</b>	30,672

## 27. RELATED PARTY TRANSACTION *(Continued)*

### (c) Transactions

	Unaudited Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Interest paid to a related company (note (i))	172,620	128,556
Rental expenses paid to controlling shareholders (note (ii))	960	955

Notes:

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

### (d) Balances with related parties

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
	Loans from a related company (note 13(e))	2,877,000
Amounts due to associates (note 15)	177,157	-

## 28. EVENTS AFTER THE REPORTING DATE

- 1) 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.

- 2) 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 2016, 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 2016. 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 2016. 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 2016 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 2016.
- (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 2016. 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 2016 due to the suspension in trading of the Company's share. General meetings of the Company shall be arranged in due course.

### 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 2016; and (ii) publishing the interim report for the six months ended 30 June 2016. Such delay has constituted non-compliance with Rules 13.48 and 13.49 of the Listing Rules.

### DEBT RESTRUCTURING

During the six months ended 30 June 2016, the Company implemented the offshore debt restructuring through inter-conditional schemes of arrangement in the Cayman Islands and Hong Kong (the "Schemes"). As announced by the Company on 12 July 2016, the Schemes became effective as a matter of Cayman Islands law and Hong Kong law. Pursuant to the Schemes, the existing securities, including the Existing Senior Notes and the Convertible Bonds (the "Existing Securities") were cancelled in exchange for the Series A Notes, the Series B Notes, the Series C Notes, the Series D Notes, the Series E Notes (collectively, the "New Senior Notes") and the Mandatorily Exchangeable Bonds in July 2016. Details of which are set out below:

	<b>Principal/ Notional Amount</b> (in US\$)
The Mandatorily Exchangeable Bonds	259,486,248
Variable rate senior notes due 31 December 2019 in a principal amount equal to 10% of all New Senior Notes (the "Series A Notes")	277,460,905
Variable rate senior notes due 30 June 2020 in a principal amount equal to 18% of all New Senior Notes issued (the "Series B Notes")	499,429,957
Variable rate senior notes due 31 December 2020 in a principal amount equal to 22% of all New Senior Notes issued (the "Series C Notes")	610,414,552
Variable rate senior notes due 30 June 2021 in a principal amount equal to 24% of all New Senior Notes issued (the "Series D Notes")	665,906,865
Variable rate senior notes due 31 December 2021 in a principal amount equal to 26% of all New Senior Notes issued (the "Series E Notes")	<u>721,398,993</u>



## **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 interim report 2016. 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 2016 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the 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 2016.

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 2016, 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 2016 (30 June 2015: Nil).