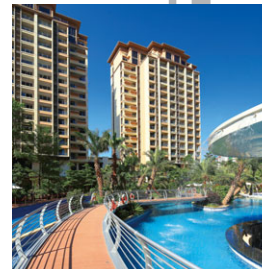




佳兆業集團控股有限公司*
KAISA GROUP HOLDINGS LTD.

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

BRING YOU JOYFUL LIVING



INTERIM REPORT 2014

*For identification purposes only



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. KWOK Ying Shing (*chairman*)
Mr. KWOK Ying Chi
Mr. SUN Yuenan
Dr. TAM Lai Ling
Mr. CHEN Gengxian (resigned on 4 April 2014)
Mr. JIN Zhigang

Non-Executive Director

Ms. CHEN Shaohuan

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUTHORIZED REPRESENTATIVES

Mr. KWOK Ying Shing
Mr. CHEUNG Hung Kwong

COMPANY SECRETARY

Mr. CHEUNG Hung Kwong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS IN THE PRC

Room 3306, Kerry Center
Ren Min Nan Road
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Shenzhen
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

PRINCIPAL BANKERS

Bank of China Limited
China Construction Bank Corporation
Industrial and Commercial Bank of China (Asia) Limited
Industrial and Commercial Bank of China Limited
Agricultural Bank of China
Hong Kong and Shanghai Banking Corporation Limited

LEGAL ADVISERS

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

Sidley Austin

As to PRC law:

King & Wood Mallesons

As to Cayman Islands law:

Harney Westwood & Riegels

AUDITOR

PricewaterhouseCoopers

LISTING INFORMATION

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

WEBSITE

<http://www.kaisagroup.com>

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Kaisa Group Holdings Ltd. (the "**Company**", together with its subsidiaries referred to as the "**Group**"), I am pleased to present the interim results of the Group for the six months period ended 30 June 2014 (the "**Period**").

For the Period under review, the Group's turnover and gross profit reached approximately RMB6,792.5 million and RMB2,736.6 million, representing a decrease of approximately 3.2% and an increase of 7.1% over the corresponding period of last year, respectively. Profit attributable to shareholders and basic earnings per share amounted to approximately RMB1,328.7 million and RMB26.7 cents, representing an increase of approximately 29.7% and 27.8% as compared to the corresponding period of last year, respectively.

BUSINESS REVIEW

In the first half of 2014, the Central Government (the "**Central Government**") of the People's Republic of China (the "**PRC**" or "**China**") continued to maintain a stable macro environment while allowing flexibilities in some policies to boost the economy. The on-going monetary tightening in the real estate sector has caused increase in mortgage rate, cooling down of land market and deterioration in market sentiment; as a result, the national property sales and the transaction volume in the primary residential market recorded a decline of approximately 6.7% and 6.0% year-on-year, respectively, according to data compiled by National Bureau of Statistics of the People's Republic of China.

During the Period under review, the Group maintained its focus on mass market housing and achieved approximately RMB11.2 billion of contracted sales, representing an increase of 1.3% year-on-year. Kaisa was ranked 19th in terms of sales according to "Top 50 Real Estate Enterprise Property Developers by Sales in first half of 2014" jointly compiled and issued by China Real Estate Information Corporation (NASDAQ: CRIC; "CRIC") and China Real Estate Appraisal Center. In addition, Kaisa was ranked number one in terms of sales and gross floor area ("**GFA**") sold in the Shenzhen primary residential market for the Period under review according to the statistics compiled by ShenzhenHome (www.szhome.com), a testimony of our leadership in the Pearl River Delta.

The Group successfully launched Shanghai Kaisa City Plaza in the Yangtze River Delta and Shenzhen Qianhai Plaza in the Pearl River Delta, further solidifying the Group's nationwide presence. On a rolling-twelve-month basis, Kaisa managed to achieve a sell-through rate of 60% as at 30 June 2014.

With respect to land acquisitions, we maintain our principal focus on end-user market in upper-tier cities. For the Period under review, the Group entered into various agreements for land purchase for a total consideration of RMB9.0 billion, with 98.4% located in tier-one cities and provincial capitals. Our continuous efforts to achieve a more balanced land bank portfolio provide us, in terms of book cost, approximately 78.5% of our land bank in upper-tier cities as at 30 June 2014, as compared to 69.6% as at 31 December 2013. The above land acquisitions will not only allow the Group to accumulate sufficient saleable resources to support its business expansion, but also consolidate its market leadership in upper-tier cities.

For the Period under review, our urban redevelopment projects contributed significantly to the Group's contracted sales. Shenzhen Kaisa City Plaza, the largest residential and commercial complex and urban redevelopment project ever undertaken in Shenzhen, was ranked number one in terms of GFA sold in the Shenzhen primary residential market in the first half of 2014 according to statistics compiled by ShenzhenHome (www.szhome.com). Significant progress has been made in our other urban redevelopment projects in Shenzhen. In March 2014, we have secured approximately 450,246 sq.m. of land bank from our Shenzhen Yantian project. In July 2014, we secured government approval as the developer for the redevelopment of Shenzhen Futian Donshan Project, with current GFA of approximately 120,000 sq.m.. The realization of urban redevelopment project pipeline will provide the Group with considerable saleable resources to sustain its growth in the medium term and enhance its profitability going forward. In addition, the new implementation details on the procurement of urban redevelopment in Shenzhen effective during the Period under review will also mean expedition in approval process going forward.

DEVELOPMENT AND FINANCING STRATEGIES

The Group has been taking a proactive approach in managing its liabilities and debt profile. In May 2014, Standard & Poor's Ratings Services ("**S&P**") and Moody's Investors Service ("**Moody's**") raised their long-term corporate credit rating on Kaisa to 'BB-' and "Ba3", respectively, both with stable outlook. Despite challenging operating environment, the upgrade by S&P and Moody's are recognitions of the Group's proactive liability management efforts and marked improvement in its execution capability, and will enhance the Group's ability to tap the international capital markets at lower cost of funding.

On 13 January and 6 June 2014, the Company successfully issued US\$250 million 8.875% senior notes due 2018 and US\$400 million 9% senior notes due 2019, respectively, to refinance existing indebtedness, to finance its property projects and for general corporate purposes, including liquidity accumulation. Both transactions received overwhelming interest from international financial institutions with more than nine times over-subscription. In June 2014, we successfully obtained consent from our note holders to modify and amend some provisions contained in certain of our outstanding senior notes. Such modifications and amendments will enable the Group to pursue business opportunities that may not otherwise be available, to better suit its business needs and bring the terms of our existing senior notes in line with the current practice.

INVESTOR RELATIONS

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

PROSPECTS

One of the key messages from the "60 Structural Reform Guidelines" promulgated in November 2013 is market forces will play an ever-greater role in Chinese economy. Against the backdrop of the mismatch of investment in the past and the deeply-rooted issues within the state-owned enterprises, as well as the uncertainty of the external economic environment, we believe there will be less policy headwinds in the real estate sector in order to maintain certain robustness of the overall economy. In fact, some local governments have taken steps in reviving their local economy, including the gradual relaxation of home purchase restrictions, the removal of price cap on new housing and annual housing price control target, and the more extensive use of housing provident funds for the purpose of lowering mortgage rate. The central bank also required the commercial banks to have prompt release mortgage financing for first time home buyers. With the above, we believe the sentiment of the market will gradually improve in the second half of 2014.

For the Period under review, largely attributable to the land sales in connection with the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone ("**Qianhai**"), the Shenzhen municipal government has generated approximately RMB41.8 billion of land revenues, a record over the last 10 years, according to data compiled by China Real Estate Index System ("**CREIS**"). The establishment of Qianhai will certainly elevate Shenzhen's position in the global stage. In the coming years, the Shenzhen municipal government will embark on massive investment to upgrade its infrastructure, and to improve its business and commercial facilities, to realize such goal. Certainly, such initiatives will spill-over to the development of the Pearl River Delta. Capitalizing its leading market position and project pipeline on urban redevelopment projects in Shenzhen, and over 10 million sq.m. of land bank in the Pearl River Delta, the Group is well positioned to capture the housing demand generated from the new opportunities arising. While we will continue to leverage our brand and our expertise to unlock the value of our pipeline for redevelopment projects, we will continue to implement the asset turnover business model to seize the opportunities in the growing end-user mass market driven by urbanization, aiming to maintain our competitiveness.

ACKNOWLEDGEMENT

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

KWOK Ying Shing

Chairman

Hong Kong, 20 August 2014

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

Despite the tightened monetary measures, the Group still managed to achieve its record of contracted sales during the Period under review. For the first half of 2014, the Group's contracted sales and the GFA sold amounted to approximately RMB11.2 billion and 941,707 sq.m., representing growth of 1.3% and decline of 20.9% year-on-year, respectively. Contracted average selling price (the "ASP") increased by 28.1% year-on-year to RMB11,856 per sq.m. For the Period under review, the Group launched an aggregate GFA of approximately 1.0 million sq.m., and planned to launch up to another approximately 2.7 million sq.m. of GFA in the second half of 2014. According to "Top 50 Real Estate Enterprise Property Developers by Sales in the first half of 2014" compiled and issued by China Real Estate Information Corporation, Kaisa was ranked 19th nationwide in terms of contracted sales amount, affirming the Group's market position and brand reputation. The table below shows the Group's contracted sales by region in the first half of 2014:

Region	Number of projects	Contracted sales area sq.m.	Contracted sales amount RMB in millions
Pearl River Delta	20	340,948	6,314.3
Yangtze River Delta	11	100,747	1,232.6
Western China Region	7	141,196	1,029.6
Central China Region	4	142,365	949.0
Pan-Bohai Bay Rim	11	216,451	1,639.2
Total	53	941,707	11,164.7

During the Period, the Group recorded a turnover of RMB6,792.5 million, representing a decrease of 3.2% as compared to the corresponding period in 2013. Profit attributable to equity holders amounted to RMB1,328.7 million, representing an increase of 29.7% as compared to the corresponding period in 2013. The Group's net profit for the Period excluding one-off prepayment expenses of offshore debts, exchange difference, imputed interest income, change in fair values of financial derivatives and of investment properties net of corresponding deferred taxes, amounted to RMB1,156.1 million, representing an increase of 5.8% as compared to the corresponding period in 2013. Basic earnings per share was RMB26.7 cents, representing an increase of 27.8% as compared to the corresponding period in 2013.

PROPERTY DEVELOPMENT

1. Projects completed in the Period

The Group adopts a strict and prudent practice in project development and adjusts its pace of business expansion as and when appropriate. During the Period, the GFA of newly completed projects of the Group amounted to approximately 0.9 million sq.m..

2. Projects under development

As at 30 June 2014, the Group had 41 projects under development concurrently, with an aggregate of GFA of approximately 8.6 million sq.m..

3. Property management

The Group also provides property management service to its own development. During the Period under review, the Group managed a total floor area of approximately 11.4 million sq.m., equivalent to 89,164 units. In June 2014, Kaisa was ranked 19th in "2014 China Top 100 Property Management Companies" jointly compiled by China Index Research Institute and China Real Estate Top 10 Research Team. Building on its national recognition, the Group's property management arm is striving to deliver excellent and professional service to its customers so as to further enhance its brand and corporate image.

4. Investment properties

The Group adopts a diversified business strategy, characterized by its increase in property investment. The portfolio of investment properties will generate steady and reliable income, and enlarge the overall income base of the Group. The Group develops commercial properties such as office buildings, retail stores and car parks for leasing purpose. In managing its investment property portfolio, the Group takes into account the long-term growth potential, the overall market conditions, and its cash flows and financial condition. As at 30 June 2014, the Group held an aggregate GFA of 213,409 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. For the first half of 2014, we purchased a total of 16 land parcels or related interests through private negotiation and government held public tenders, auctions or listing-for-sale. The aggregate consideration for the land acquisitions was approximately RMB9,011.9 million, with an average land cost per total planned GFA of approximately RMB6,686 per sq.m. The total planned GFA per maximum allowed plot ratio attributable to the Group is up to approximately 1.7 million sq.m. In terms of acquisition cost, 98.4% of the land bank is located in tier-one and tier-two cities. As at 30 June 2014, the Group had a total land bank of approximately 23.6 million sq.m., which is sufficient for the Group's development needs for the next five years. The table below set forth detailed information of these land acquisitions:

Month of acquisition	Location	Attributable interest (%)	Site area (sq.m.)/(No. of land parcel)	Attributable GFA per maximum allowed plot ratio (sq.m)	Consideration (RMB in millions)	Type
January 2014	Huizhou	100%	169,331(4)	295,754	142.4	Residential
January 2014	Suzhou	51%	33,234(1)	47,458	369.2	Residential
January 2014	Suzhou	51%	59,629(1)	79,068	241.3	Residential and commercial
January 2014	Nanjing	96%	109,832(1)	289,956	4,204.4	Residential
February 2014	Chengdu	100%	57,837(1)	245,806	570.0	Residential
March 2014	Shenzhen	100%	128,902(5)	450,246	57.4	Residential and commercial
April 2014	Shenzhen	51%	429,560(1)	229,495	2,754.0	Commercial
June 2014	Shenzhen	51%	49,582(2)	104,903	673.2	Residential and commercial
Total			1,037,907(16)	1,742,686	9,011.9	

OUTLOOK

We believe that the operating environment will continue to be challenging in the second half of 2014, as it is expected that onshore liquidity condition will remain tight and mortgage interest rate will stay high. Nonetheless, over the last few years, the Group has put up substantial capital into land acquisition to pre-fund properties under development which, we believe, will enable the Group to support its future business expansion and capture any business opportunities arising. In addition, the Group continues to focus on realizing the value from its redevelopment project pipeline, while remaining committed to delivering a rapid asset-turnover business model, further enhancing the product quality and capitalizing its branding, with an aim to maximizing returns to the shareholders of the Company.

FINANCIAL REVIEW

Revenue

Revenue of the Group primarily comprises the (i) sales proceeds from the sale of properties including completed properties held for sale, properties under development and proposed development projects, (ii) gross recurring revenue received and receivable from investment properties and (iii) property management fee income. The revenue is primarily generated from its five business segments: property development, property investment, property management, hotel and catering operations and other businesses. The revenue decreased by RMB223.6 million, or 3.2%, to approximately RMB6,792.5 million in the Period from approximately RMB7,016.1 million for the corresponding period in 2013, mainly attributable to the decrease in recognized property sales. For the Period, the revenue generated from property development, property investment, property management, hotel and catering operations and other businesses was approximately RMB6,540.5 million, RMB94.2 million, RMB83.9 million and RMB27.3 million and RMB46.6 million, respectively.

Sales of properties

Revenue from sales of properties decreased by RMB293.4 million, or 4.3%, to RMB6,540.5 million in the Period from RMB6,833.9 million for the corresponding period in 2013. The decrease was primarily attributable to a decrease in the sales of properties under development and proposed development projects.

Rental income

Revenue from rental income increased by RMB18.6 million, or 24.6%, to RMB94.2 million in the Period from RMB75.6 million for the corresponding period in 2013. The increase was primarily attributable to the increased rental space and higher rental rates.

Property management service

Revenue from property management service increased by RMB13.4 million, or 19.0%, to RMB83.9 million in the Period from RMB70.5 million for the corresponding period in 2013. This increase was primarily attributable to the increased GFA under property management.

Hotel and catering operations

Revenue from the hotel and catering operations of the Group increased by approximately RMB3.4 million, or 14.2% to RMB27.3 million in the Period, from RMB23.9 million for the corresponding period in 2013. Such increase was mainly attributable to our business expansion in the Pearl River Delta.

Other Businesses

Revenue from other businesses increased by RMB34.4 million, or 282.0%, to RMB46.6 million in the Period from RMB12.2 million for the corresponding period in 2013. The increase was primarily attributable to the business expansion in department store, cinema and cultural centre operations.

Gross profit

The Group's gross profit increased by RMB181.1 million, or 7.1%, to RMB2,736.6 million in the Period from RMB2,555.5 million for the corresponding period in 2013, mainly attributable to the increase in contribution from recognized property sales. The gross profit margin increased to 40.3% from 36.4% for the corresponding period in 2013, mainly attributable to sales transactions of properties under development and proposed development projects and the increase in ASP of property sales recognized in the Period.

Selling and marketing costs

The Group's selling and marketing costs increased by RMB60.4 million, or 16.9%, to RMB417.1 million in the Period from RMB356.7 million for the corresponding period in 2013. The increase in selling and marketing costs was mainly attributable to more advertising and promotional expenses incurred amid the challenging operating environment.

Administrative expenses

The Group's administrative expenses increased by RMB8.2 million, or 2.0%, to RMB414.4 million in the Period from RMB406.2 million for the corresponding period in 2013. The increase was primarily attributable to the increase in depreciation and operating expenses resulting from the Group's business expansion.

Change in fair value of investment properties

The change in fair value of the Group's investment properties for the Period was primarily attributable to the addition of commercial space of Shenzhen Yantian project into our investment property portfolio. The change in fair value in the corresponding period in 2013 was mainly explained by the appreciated value of the Group's investment properties in Shenzhen Kaisa Global Center, Guangzhou Jinmao and Huizhou Kaisa Centre Phase 2.

Change in fair value of financial derivatives

On April 19, 2013, we entered into the 2012 ISDA Master Agreement with The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**"), as the swap counterparty, to manage our foreign exchange rate risk arising from the issuance of the Renminbi denominated April 2013 Notes ("**2013 HSBC Swap**"). The value of the liability component of the 2013 HSBC Swap was approximately RMB6.9 million as of 30 June 2013 and a fair value loss of RMB6.9 million was reflected upon initial recognition from the change in fair value of the financial derivative component of the 2013 HSBC Swap for the six months ended 30 June 2013. The decrease in fair value of our financial derivatives of RMB63.8 million in the first half of 2014 was mainly attributable to the depreciation of Renminbi against the U.S. dollar during the Period.

Finance income/(costs) – net

The Group's net finance income increased by RMB415.9 million to RMB28.5 million in the Period from the net finance costs of RMB387.4 million for the corresponding period in 2013. The increase was primarily attributable to the one-off prepayment expenses of the Group's offshore debts, of RMB521.0 million, recorded in the corresponding period in 2013.

Income tax expenses

The Group income tax expenses increased by RMB14.8 million, or approximately 1.9%, to RMB774.6 million in the Period from RMB759.8 million for the corresponding period in 2013. The increase was primarily attributable to the significant decrease in the finance costs, despite the slight drop in operating profit for the Period.

Profit for the Period

As a result of the foregoing, the Group's profit for the Period increased by RMB342.1 million, or 34.1%, to RMB1,346.5 million in the Period from RMB1,004.4 million for the corresponding period in 2013. The net profit margin was 19.8% for the Period and 14.3% for the corresponding period in 2013. The Group's net profit excluding one-off prepayment expenses of offshore debts, exchange difference, imputed interest income, change in fair value of finance derivatives and investment properties, net of deferred tax for the Period and the corresponding period in 2013 was RMB1,156.1 million and RMB1,092.7 million, respectively, resulting in corresponding net profit margin excluding one-off prepayment expenses of offshore debts, exchange difference, imputed interest income, change in fair value of financial derivatives and investment properties, net of deferred tax of 17.0% and 15.6% for the Period and the corresponding period in 2013, respectively.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 30 June 2014, the carrying amount of the Group's cash and bank deposits was approximately RMB11,091.0 million (31 December 2013: RMB8,706.2 million), representing an increase of 27.4% as compared to that as at 31 December 2013. 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 2014, 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 RMB1,527.8 million as at 30 June 2014.

Perpetual capital instruments

During the period ended 30 June 2014, the Group successfully issued perpetual capital instruments in the aggregate amount of RMB1.0 billion for the purpose of financing its real estate projects in the PRC.

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 during the Period.

Senior notes due 2017

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

Senior notes due 2020

On 8 January 2013, the Company issued US\$500 million 10.25% senior notes due 2020 (the "**Senior Notes January 2013**") for the purpose of refinancing our exchangeable term loan 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.

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 our US\$ 13.5% senior notes due 2015, refinancing our existing and new property projects (“**Senior Notes 2010**”) 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 (collectively, the “**Senior Notes March 2013**”) for the purpose of funding our existing and new property projects, refinancing our indebtedness and general corporate use.

Senior notes due 2016

On 22 April 2013, the Company issued RMB1.8 billion 6.875% senior notes due 2016 (the “**Senior Notes April 2013**”) for the purpose of fully refinancing our Senior Notes 2010 and general corporate use.

Senior notes due 2019

On 6 June 2014, the Company issued US\$400 million 9% senior notes due 2019 (the “**Senior Notes June 2014**”) for the purpose of funding our existing and new property projects, refinancing our indebtedness and general corporate use.

Borrowings and charges on the Group’s assets

As at 30 June 2014, the Group had aggregate borrowings of approximately RMB29,773.5 million, of which approximately RMB6,007.7 million will be repayable within 1 year, approximately RMB19,036.0 million will be repayable between 2 and 5 years and approximately RMB4,729.8 million will be repayable over 5 years.

As at 30 June 2014, the Group’s bank loans of approximately RMB7,626.1 million were secured by plant and equipment, land use rights, investment properties, properties under development and completed properties held for sale of the Group with total carrying values of approximately RMB22,155.2 million. The Senior Notes 2012, Senior Notes January 2013, Senior Notes March 2013, Senior Notes April 2013, Senior Notes June 2014 and the Convertible Bonds are secured by the share pledge of certain of the Group’s subsidiaries incorporated outside of the PRC, and joint and several guarantees given by certain subsidiaries of the Group. The Group’s domestic bank loans carried a floating interest rate linking up with the base lending rate of the People’s Bank of China. Our interest rate risk is mainly from the floating interest rate of domestic bank loans.

Gearing

As at 30 June 2014, the Group’s net debts (total borrowings, net of cash and cash equivalent, short-term bank deposits and restricted cash) over total equity was 72.5% (31 December 2013: 62.1%). The Group’s net current assets increased by 36.1% from RMB30,721.8 million as at 31 December 2013 to RMB41,804.6 million as at 30 June 2014, and the current ratio increased from 1.7 times as at 31 December 2013 to 1.8 times as at 30 June 2014.

Cost of borrowings

For the Period under review, the Group’s total cost of borrowings was RMB1,121.8 million, representing a decrease of RMB511.2 million or 31.3% as compared to the corresponding period in 2013. The decrease was primarily attributable to the one-off prepayment expenses of the Group’s offshore debts of RMB521.0 million recorded in the corresponding period in 2013.

Foreign currency risks

The Group's property development projects are all located in China and most of the related transactions are settled in RMB. The Company and certain of the Group's intermediate holding companies operate in Hong Kong have recognized assets and liabilities in currencies other than RMB. As at 30 June 2014, the Group had cash balances denominated in US\$ of approximately RMB2,192.5 million, and in HK dollar of approximately RMB33.3 million, the Senior Notes 2012, Senior Notes January 2013, Senior Notes March 2013 and Senior Notes June 2014 in US\$ with an aggregate outstanding principal amount of US\$1,950.0 million, and other offshore banking facilities denominated in US\$ and HK\$, of US\$159.5 million and HK\$1,030.0 million respectively, which are subject to foreign currency exposure.

The Group does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

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

Financial guarantees

As at 30 June 2014, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to our customers amounting to approximately RMB12,758.7 million (31 December 2013: approximately RMB9,856.7 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by a purchaser, we would be responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchaser to the bank, but we would be entitled to assume legal title to and possession of the related property. These guarantees will be released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgage property and the completion of the deregistration of the mortgage.

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

On 9 April 2014, 佳兆業集團(深圳)有限公司 (Kaisa Group (Shenzhen) Co., Ltd.*) (“**Kaisa Shenzhen**”) and 生命人壽保險股份有限公司 (Sino Life Insurance Co., Ltd*) (“**Sino Life**”) jointly and successfully bid for a parcel of land situated at G16301-0701, Xiasha Village, Dapeng Road, Dapeng New District, Shenzhen, the PRC (the “**Land**”) and received the bid confirmation notice (成交確認書) from 深圳市規劃和國土資源委員會 (Shenzhen City Planning and Land Resources Commission*). The consideration for the acquisition of the Land is RMB5,400,000,000. The consideration will be funded by Kaisa Shenzhen and Sino Life to the joint venture company, which will be established by them for the purpose of holding and developing the Land, in proportion to their respective effective interests in such joint venture company by way of equity or other forms of financing to be agreed. Details of the above transactions are set out in the announcement of the Company dated 10 April 2014.

Save as disclosed in this report, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries and associated companies during the six months ended 30 June 2014. 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 2014, the Group had approximately 9,480 employees (31 December 2013: approximately 10,570 employees). The related employees’ costs (including the directors’ remuneration), for the six months ended 30 June 2014 amounted to approximately RMB225.5 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. Further, the Company adopted the share option scheme on 22 November 2009. Further information of the share option scheme is available in the 2013 Annual Report of the Company.

PROJECT PORTFOLIO

AS AT 30 JUNE 2014

No.	Project	Address	Location	Type ⁽¹⁾
The Pearl River Delta				
1	Shenzhen Woodland Height ⁽⁶⁾	Junction of Shenhui Road and Lilang Road, Buji Town, Longgang District	Shenzhen	Residential
2	Shenzhen Mocha Town	Busha Road, Longgang District	Shenzhen	Residential
3	Shenzhen Kaisa Center ⁽²⁾⁽⁶⁾	East of Shangbu Nan Road and North of Nanyuan Road, Futian District	Shenzhen	Residential
4	Shenzhen Lake View Place	Junction of Xincheng Road and Pingxi Road, Longgang District	Shenzhen	Residential
5	Shenzhen Xiangrui Garden	North of Beihuan Highway, Nanshan District	Shenzhen	Residential
6	Shenzhen Mingcui Garden	Ping'an Avenue, Liang'antian Community, Pinghu Street, Longgang District	Shenzhen	Residential
7	Shenzhen Jincui Garden	Cuizhu Road, Luohu District	Shenzhen	Residential
8	Shenzhen Shangpin Garden	Bantian Community, Bantian Street, Longgang District	Shenzhen	Residential
9	Shenzhen Kaisa Global Center ⁽⁸⁾	Shennan Avenue, Futian District	Shenzhen	Commercial
10	Shenzhen Metro City ⁽²⁾	Buji Station, Shenhui Road, Nanmendun, Buji Town, Longgang District	Shenzhen	Residential
11	Shenzhen Kaisa City Plaza	Junction of Banxuegang Avenue and Xuegang Bei Road, Longgang District	Shenzhen	Residential
12	Shenzhen Kaisa Metropolitan Homeland ⁽²⁾	Mumianwan Station, Longgang Avenue, Buji, Longgang District	Shenzhen	Residential
13	Shenzhen Dapeng Kaisa Peninsula Resort	Yingbin Avenue, Dapeng New Town	Shenzhen	Commercial
14	Shenzhen Kaisa Yuefeng Garden	Bulong Road, Bantian, Longgang District	Shenzhen	Residential
15	Shenzhen Yantian Project ⁽³⁾⁽⁸⁾	Mingzhu Avenue, Yantian District	Shenzhen	Residential
16	Shenzhen Dapeng Xiasha Project ⁽³⁾	Xiasha Community, Dapeng Street, Dapeng New Town	Shenzhen	Commercial
17	Shenzhen Kaisa Qianhai Plaza	No. 9 Qianhai Road, Nanshan District	Shenzhen	Residential
18	Guangzhou Jinmao ⁽²⁾⁽⁷⁾	No. 191 Tiyu West Road, Tianhe District	Guangzhou	Commercial
19	Guangzhou Kaisa Plaza	No. 78 Huangpu Avenue West, Zhujiang New Town, Tianhe District	Guangzhou	Commercial
20	Guangzhou Monarch Residence	No. 99 Jiangnan Avenue Central, Haizhu District	Guangzhou	Residential
21	Guangzhou Tianhe Project	Huangpu Avenue North, International Financial Town, Tianhe District	Guangzhou	Residential
22	Guangzhou Tongbao Project ⁽³⁾	No. 8 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 Magnifique 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
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

No.	Project Phase	Site Area (sq.m.)	Total GFA (sq.m.)	Total GFA			Interest Attributable to us
				Completed Properties (sq.m.)	Properties under Development (sq.m.)	Properties held for Future Development (sq.m.)	
The Pearl River Delta							
1	1-8	160,514	580,135	580,135	-	-	100%
2	1-7	185,724	735,299	735,299	-	-	100%
3	-	5,966	98,241	98,241	-	-	100%
4	1-5	182,064	388,626	388,626	-	-	100%
5	-	57,984	143,796	143,796	-	-	100%
6	1-4	102,439	394,663	394,663	-	-	100%
7	-	9,066	105,830	105,830	-	-	100%
8	-	45,829	231,572	231,572	-	-	100%
9	-	14,411	142,000	-	-	142,000	100%
10	-	5,241	124,479	124,479	-	-	100%
11	1-3	179,642	973,600	253,800	316,500	403,300	80%
12	-	19,393	96,970	96,970	-	-	100%
13	1-2	48,256	130,520	130,520	-	-	100%
14	1-2	47,890	119,725	82,854	36,871	-	100%
15	1-3	128,902	450,246	-	-	450,246	100%
16	1-4	429,560	466,130	-	-	466,130	51%
17	1-2	49,582	205,693	-	144,310	61,383	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	45,534	-	-	45,534	51%
22	-	65,627	72,966	-	-	72,966	100%
23	-	19,671	35,479	-	-	35,479	80%
24	1-4	190,742	425,831	-	-	425,831	51%
25	1-2	71,200	234,422	234,422	-	-	100%
26	-	32,819	98,021	98,021	-	-	100%
27	1-4	197,584	493,960	171,824	256,366	65,770	51%

Project Portfolio (continued)

No.	Project	Address	Location	Type ⁽¹⁾
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	Huizhou Kaisa Mansion No. 1	No.2 Aodong Road, Huicheng District	Huizhou	Residential
36	Huizhou Kaisa Center ⁽⁶⁾⁽⁸⁾	No. 18 Sub-district, Jiangbei, Huicheng District	Huizhou	Commercial
37	Huizhou Yuan Zhou Project ⁽⁴⁾	Tanjiao Section, Liangwu Gaotou Village, Yuanzhou Town, Boluo County	Huizhou	Residential
38	Huizhou Riverbank New Town	Jiangnan Section, Cuimeiyuan Village Committee, Hengkeng, Luoyang Town, Boluo County	Huizhou	Residential
39	Huizhou Huidong Yapojiao Project ⁽³⁾	Huangbujiao, Lianfeng Village, Renshan Town, Huidong County	Huizhou	Residential
40	Zhuhai Lake View Waldorf Garden	No. 5001 Nanwan Road South, Wanzai, Xiangzhou District	Zhuhai	Residential
41	Zhuhai Golden World	North of Huangyang Avenue, South of Wangbao Reservoir, Jintaisi, Doumen Town, Doumen District	Zhuhai	Residential
The Western China Region				
42	Chengdu Kaisa Monarch Residence	Erjiangsi Village, Huayang Town, Shuangliu County	Chengdu	Residential
43	Chengdu Lijing Harbour	Group 1 and 2, Huafeng Village, Yongquan Street, Wenjiang District	Chengdu	Residential
44	Chengdu Modern Town	Yingchunqiao, Dongsheng Sub-district Office, Shuangliu County	Chengdu	Commercial
45	Chengdu Kaisa Mansion No.8	Sanzhiq South Area, Dongsheng Street, Shuangliu County	Chengdu	Residential
46	Chengdu Kaisa City Plaza	Group 1 and 2, Machang Village, Wenjia Street Office, Qingyang District	Chengdu	Residential
47	Chengdu Kaisa Leading Town ⁽³⁾	Huadu Avenue, Wenjiang District	Chengdu	Residential
48	Nanchong Kaisa Plaza	No. 39, Zhengyang East Road, Shunqing District	Nanchong	Residential
49	Nanchong Monarch Residence	No. 308, Baituba Road, Shunqing District	Nanchong	Residential
50	Chongqing Kaisa Plaza	Longzhouwan Street, Banan District	Chongqing	Residential
51	Chongqing Kaisa Bright Harbour ⁽³⁾	Baqiao Town, Dadukou District	Chongqing	Residential
The Pan-Bohai Bay Rim				
52	Shenyang Kaisa Center ⁽⁸⁾	East of Qingnian Avenue, Shenhe District	Shenyang	Commercial
53	Yingkou Dragon Bay ⁽³⁾	Junction of Xinxin Road and Bohai Street, Laobian District	Yingkou	Residential
54	Yingkou Monarch Residence ⁽³⁾	West of Xuefu Road, East of Shifu Road, South of New Donghai Street, Laobian District	Yingkou	Residential
55	Anshan Lake View Waldorf ⁽³⁾	Shengli Bei Road, Lishan District	Anshan	Residential
56	Anshan Monarch Residence ⁽³⁾	South of Ziyu Dong Street, East of Anqian Road, Lishan District	Anshan	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.)	
28	1-4	82,742	377,481	324,322	53,159	–	100%
29	1-3	86,324	243,296	127,423	115,873	–	100%
30	1-2	70,734	200,386	200,386	–	–	80%
31	–	46,474	155,432	155,432	–	–	100%
32	1-5	239,050	525,934	–	217,023	308,911	100%
33	–	65,021	150,772	–	150,772	–	100%
34	–	33,910	109,180	–	109,180	–	100%
35	–	89,998	260,577	–	260,577	–	100%
36	1-3	70,859	734,076	104,644	629,432	–	100%
37	–	20,400	61,200	–	–	61,200	100%
38	1-10	1,663,969	4,326,239	189,329	424,679	3,712,231	100%
39	1-3	169,331	295,754	–	–	295,754	100%
40	1-3	164,354	550,431	110,989	69,327	370,115	100%
41	1-4	192,711	256,305	96,192	63,329	96,784	100%
The Western China Region							
42	1-6	182,666	931,313	594,842	336,471	–	100%
43	1-7	150,071	761,542	761,542	–	–	100%
44	1-2	133,269	362,420	362,420	–	–	100%
45	1-6	120,570	421,995	81,292	260,177	80,526	80%
46	1-2	51,256	143,516	–	–	143,516	70%
47	1-2	57,837	245,806	–	–	245,806	100%
48	–	29,541	116,390	116,390	–	–	100%
49	1-7	256,187	811,909	361,585	450,324	–	100%
50	1-2	84,980	297,430	–	133,511	163,919	51%
51	1-10	324,330	733,267	–	–	733,267	100%
The Pan-Bohai Bay Rim							
52	–	21,423	292,331	–	292,331	–	100%
53	1-2	307,306	607,354	31,560	315,883	259,911	72%
54	1-2	103,500	344,267	140,749	92,996	110,522	100%
55	1-3	477,463	567,287	94,957	–	472,330	100%
56	1-2	129,739	389,216	–	–	389,216	100%

Project Portfolio (continued)

No.	Project	Address	Location	Type ⁽¹⁾
57	Anshan Kaisa Plaza ⁽²⁾⁽³⁾⁽⁴⁾	Renmin Road, Tiexi District	Anshan	Commercial
58	Benxi Lake View Place	Binhe Bei Road, Mingshan District	Benxi	Residential
59	Panjin Kaisa Center ⁽³⁾	No. 1, Shifu Avenue, Xinglongtai District	Panjin	Residential
60	Huludao Suizhong Kaisa Dongdaihe ⁽³⁾	South of Binhai Road, Dongdaihe New Zone, Suizhong County	Huludao	Residential
61	Weifang Kaisa Golden World	North of Bailanghe Reservoir Dam, South of Weijiao Road	Weifang	Residential
62	Qingdao Kaisa Lake View Place	East of Zhongjinger Road, West of Wangsha Road and South of Baishahe, Xiazhuang Street, Chengyang District	Qingdao	Residential
63	Dandong Kaisa Mansion No. 1 ⁽³⁾	South of Huanghai Street, Zhenxing District	Dandong	Residential
64	Dalian Kaisa Center	No. 24 Zhujin Street, Donggang Business District, Zhongshan District	Dalian	Commercial
65	Dalian Kaisa Plaza	No. 271, Tianjin Street, Zhongshan District	Dalian	Commercial
The Central China Region				
66	Changsha Lake View Place	Jinping Village, Tiaoma County	Changsha	Residential
67	Changsha Kaisa Times Square	Yingpan Dong Road, Furong District	Changsha	Residential
68	Changsha Meixi Lake Project ⁽³⁾	Meixi Lake, Yuelu District	Changsha	Residential
69	Zhuzhou Golden World	Liyu Central Business Area, Tianyuan District	Zhuzhou	Residential
70	Wuhan Golden World	Junction of Baisha Road and Qingling Dong Road, Qingling County, Hongshan District	Wuhan	Residential
71	Wuhan Kaisa Mansion No. 1	North of Zhiyin Avenue and West of Yangcheng West Road, Hanyang District	Wuhan	Residential
The Yangtze River Delta				
72	Jiangyin Lake View Place	South of Xinhua Road, West of Dongwaihuan Road and North of Renmin Dong Road	Jiangyin	Residential
73	Jiangyin Gushan Mocha Town	South of Golden Gushan Garden and West of Xingfu Avenue, Gushan Town	Jiangyin	Residential
74	Jiangyin Kaisa Plaza ⁽⁶⁾	No. 1091, Ren Min Dong Road	Jiangyin	Residential
75	Jiangyin Zhouzhuang Golden World	East of Zhouxi Dong Road, Zhouzhuang Town	Jiangyin	Residential
76	Jiangyin Changjing Lake View Waldorf	East of Xinglong Road, South of Dongshun Road, Changjing Town	Jiangyin	Residential
77	Jiangyin Tonghui Garden	South of Tongfu Road, West of Tongjiang Road, North of Tonghui Road	Jiangyin	Residential
78	Jiangyin Fuqiao Homeland	South of Binjiang Road, West of Tongdu Road, North of Chengxi Road	Jiangyin	Residential
79	Changzhou Phoenix Lake No. 1	South of Qingyang Road, Xuejia Town, Xinbei District	Changzhou	Residential
80	Taizhou Kaisa Mansion No. 1	West of No. 11 Road, North of Chenzhuang Road, Taizhou Economic Development Zone	Taizhou	Residential
81	Shanghai Shanhuwan Garden	No. 4333 Alley, Haima Road, Haiwan Town, Fengxian District	Shanghai	Residential
82	Shanghai Shangpin Garden	Kangfeng North Road and Kangnian Road, Malu Town, Jiading District	Shanghai	Residential
83	Shanghai Xiangyi Garden	No. 99 Alley, Juting Road, Zhuanghang Town, Fengxian District	Shanghai	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.)	
57	-	11,238	80,284	72,264	-	8,020	100%
58	-	122,200	356,823	-	323,120	33,703	100%
59	1-2	52,812	380,091	170,716	-	209,375	71%
60	1-4	1,339,750	2,236,214	47,581	656,511	1,532,122	100%
61	1-4	164,469	246,704	-	131,112	115,592	100%
62	1-3	206,879	273,420	-	160,932	112,488	100%
63	1-3	133,340	293,326	-	124,946	168,380	100%
64	-	26,610	156,239	-	156,239	-	100%
65	-	15,955	78,454	78,454	-	-	100%
The Central China Region							
66	1-4	673,536	1,683,840	645,801	292,402	745,637	100%
67	-	21,770	107,431	-	107,431	-	100%
68	1-2	147,067	353,525	-	-	353,525	51%
69	1-3	222,177	596,594	342,448	254,146	-	100%
70	1-3	181,493	605,941	185,306	420,635	-	100%
71	1-2	40,351	116,198	-	-	116,198	100%
The Yangtze River Delta							
72	1-3	225,533	272,274	272,274	-	-	100%
73	1-4	76,465	132,849	132,849	-	-	100%
74	1-3	158,240	424,359	351,348	73,011	-	100%
75	1-2	103,589	220,546	220,546	-	-	100%
76	1-2	93,275	149,763	149,763	-	-	100%
77	-	41,440	73,615	-	73,615	-	51%
78	-	35,801	110,354	-	110,354	-	51%
79	1-2	101,819	253,356	253,356	-	-	100%
80	1-3	192,505	372,994	-	72,431	300,563	51%
81	1-4	104,796	140,151	140,151	-	-	100%
82	-	23,307	84,448	-	84,448	-	100%
83	1-2	143,053	203,889	-	116,607	87,282	72%

Project Portfolio (continued)

No.	Project	Address	Location	Type ⁽¹⁾
84	Shanghai Kaisa City Plaza	Intersection of Chengliu Road and Shengzhu East Road, Xuhang Town, Jiading District	Shanghai	Residential
85	Shanghai Pudong Project	Intersection of Middle Yanggao Road and Minsheng Road, Pudong District	Shanghai	Commercial
86	Taicang Lake View Waldorf	No. 1 Jinan Road, Science-Enducation New Town	Taicang	Residential
87	Hangzhou Jade Dragon Court	North of Zhennan Road, Zhijiang Holiday Resort Area, Xihu District	Hangzhou	Residential
88	Hangzhou Kaisa Monarch Residence	West of Donghu Road and North of Shitang Road, Qiaosi Street, Yuhang District	Hangzhou	Residential
89	Hangzhou Puyu Court	Jingfeng Community, Wuchang Street, Yuhang District	Hangzhou	Residential
90	Suzhou Gaoxin Zhuyuan Project	South of Zhuyuan Road, West of Tayuan Road, Shishan Street, Gaoxin District	Suzhou	Residential
91	Suzhou Kaisa Monarch Residence	East of Sudai Road, South of Xingye Road, Huangqiao Street, Xiangcheng District	Suzhou	Residential
92	Nanjing Hexi Project ⁽³⁾	Lot No.20-7, South of Hexi Area, Jianye District	Nanjing	Residential
Total⁽⁵⁾				

Notes:

- 1 Residential properties include apartments, serviced apartments and townhouses, often with complementary commercial facilities, restaurants and community facilities.
- 2 The projects are renovation developments of once distressed assets and partially completed properties.
- 3 Including
 - (i) Shenzhen Yantian Project;
 - (ii) Shenzhen Dapeng Xiasha Project;
 - (iii) Guangzhou Tongbao Project;
 - (iv) Huizhou Huidong Yapojiao Project;
 - (v) Chengdu Kaisa Leading Town;
 - (vi) a portion of land with a site area of 194,256 sq.m. for Chongqing Kaisa Bright Harbour;
 - (vii) a portion of land with a site area of 86,637 sq.m. for Yingkou Dragon Bay;
 - (viii) a portion of land with a site area of 31,578 sq.m. for Yingkou Monarch Residence;
 - (ix) a portion of land with a site area of 265,832 sq.m. for Anshan Lake View Waldorf;
 - (x) Anshan Monarch Residence;
 - (xi) a portion of land with a site area of 3,208 sq.m. for Anshan Kaisa Plaza;
 - (xii) a portion of land with a site area of 22,244 sq.m. for Panjin Kaisa Center;

No.	Project Phase	Site Area (sq.m.)	Total GFA (sq.m.)	Total GFA			Interest Attributable to us
				Completed Properties (sq.m.)	Properties under Development (sq.m.)	Properties held for Future Development (sq.m.)	
84	1-3	117,257	331,724	–	331,724	–	81%
85	–	11,088	49,896	–	–	49,896	51%
86	1-3	87,741	201,346	201,346	–	–	100%
87	–	39,376	98,041	–	98,041	–	100%
88	–	36,595	100,849	–	100,849	–	51%
89	–	74,779	207,476	–	207,476	–	51%
90	1-2	33,234	93,055	–	–	93,055	51%
91	1-2	59,629	155,035	–	–	155,035	51%
92	1-3	109,832	302,037	–	–	302,037	96%
		12,949,305	34,017,495	11,396,819	8,625,121	13,995,555	

(xiii) a portion of land with a site area of 457,756 sq.m. for Huludao Suizhong Kaisa Dongdaihe;

(xiv) a portion of land with a site area of 73,601 sq.m. for Dandong Kaisa Mansion No. 1;

(xv) a portion of land with a site area of 3,855 sq.m. for Changsha Meixi Lake Project;

(xvi) Nanjing Hexi Project;

for which as at 30 June 2014, we have not obtained the land use rights certificates, but have entered into land grant contracts or obtained confirmation from the relevant land and resources bureau that we have been selected as the winner of the public listing-for-sale process.

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

5 Including completed properties sold.

6 Including certain commercial spaces held for investment. Such commercial spaces are held either under long term lease (for Shenzhen Woodland Height, with GFA of approximately 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 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 2014, completed properties held for sale had a total GFA of approximately 986,546 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 2014. 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	316,500	269,025
Shenzhen Kaisa Yuefeng Garden	Shenzhen	2	36,871	31,340
Shenzhen Kaisa Qianhai Plaza	Shenzhen	1	144,310	122,663
Foshan Shunde Kaisa Golden World	Foshan	2	77,080	65,518
Foshan Shunde Kaisa Golden World	Foshan	3	89,014	75,662
Foshan Shunde Kaisa Golden World	Foshan	4	90,272	76,731
Dongguan Zhongyang Haomen	Dongguan	4	53,159	45,185
Dongguan Dongjiang Haomen	Dongguan	2	59,040	59,040
Dongguan Dongjiang Haomen	Dongguan	3	56,833	56,833
Dongguan Le Grand Bleu	Dongguan	1	217,023	217,023
Dongguan Oasis Town	Dongguan	-	150,772	150,772
Dongguan Yulongshan Garden	Dongguan	-	109,180	109,180
Huizhou Kaisa Mansion No. 1	Huizhou	-	260,577	221,490
Huizhou Kaisa Center	Huizhou	2	450,720	383,112
Huizhou Kaisa Center	Huizhou	3	178,712	151,905
Huizhou Riverbank New Town	Huizhou	2	38,997	33,147
Huizhou Riverbank New Town	Huizhou	3	235,288	199,994
Huizhou Riverbank New Town	Huizhou	4	150,394	127,835
Zhuhai Lake View Waldorf Garden	Zhuhai	1	69,327	58,928
Zhuhai Golden World	Zhuhai	2	63,329	53,830
Chengdu Kaisa Monarch Residence	Chengdu	5	190,258	161,719
Chengdu Kaisa Monarch Residence	Chengdu	6	146,213	124,281
Chengdu Kaisa Mansion No. 8	Chengdu	2	167,760	142,596
Chengdu Kaisa Mansion No. 8	Chengdu	3	92,417	64,170
Nanchong Monarch Residence	Nanchong	5	239,817	203,844
Nanchong Monarch Residence	Nanchong	6	117,940	100,249
Nanchong Monarch Residence	Nanchong	7	92,567	78,682
Chongqing Kaisa Plaza	Chongqing	1	133,511	113,484
Shenyang Kaisa Center	Shenyang	-	292,331	248,481

Project	Commencement Time	Status of Pre-sale permit	Estimated Completion Time	Interest Attributable to us
Shenzhen Kaisa City Plaza	July 2013	Yes	2015 2nd quarter	80%
Shenzhen Kaisa Yuefeng Garden	August 2012	Yes	2015 1st quarter	100%
Shenzhen Kaisa Qianhai Plaza	June 2012	Yes	2014 4th quarter	51%
Foshan Shunde Kaisa Golden World	August 2011	Yes	2014 4th quarter	51%
Foshan Shunde Kaisa Golden World	October 2011	Not yet obtained	2015 2nd quarter	51%
Foshan Shunde Kaisa Golden World	October 2013	Not yet obtained	2015 2nd quarter	51%
Dongguan Zhongyang Haomen	September 2011	Yes	2014 3rd quarter	100%
Dongguan Dongjiang Haomen	December 2010	Yes	2014 3rd quarter	100%
Dongguan Dongjiang Haomen	January 2013	Yes	2014 3rd quarter	100%
Dongguan Le Grand Bleu	May 2014	Not yet obtained	2016 1st quarter	100%
Dongguan Oasis Town	January 2013	Yes	2015 2nd quarter	100%
Dongguan Yulongshan Garden	May 2014	Not yet obtained	2016 2nd quarter	100%
Huizhou Kaisa Mansion No. 1	April 2014	Yes	2016 2nd quarter	100%
Huizhou Kaisa Center	April 2011	Yes	2014 4th quarter	100%
Huizhou Kaisa Center	August 2013	Not yet obtained	2015 3rd quarter	100%
Huizhou Riverbank New Town	April 2011	Yes	2014 3rd quarter	100%
Huizhou Riverbank New Town	October 2011	Yes	2014 3rd quarter	100%
Huizhou Riverbank New Town	December 2013	Yes	2014 4th quarter	100%
Zhuhai Lake View Waldorf Garden	March 2011	Yes	2014 4th quarter	100%
Zhuhai Golden World	August 2011	Not yet obtained	2015 2nd quarter	100%
Chengdu Kaisa Monarch Residence	May 2012	Yes	2014 4th quarter	100%
Chengdu Kaisa Monarch Residence	June 2012	Yes	2014 4th quarter	100%
Chengdu Kaisa Mansion No. 8	March 2013	Yes	2014 4th quarter	80%
Chengdu Kaisa Mansion No. 8	May 2013	Yes	2014 4th quarter	80%
Nanchong Monarch Residence	November 2012	Yes	2014 4th quarter	100%
Nanchong Monarch Residence	September 2013	Yes	2014 4th quarter	100%
Nanchong Monarch Residence	February 2014	Yes	2015 4th quarter	100%
Chongqing Kaisa Plaza	September 2013	Yes	2015 2nd quarter	51%
Shenyang Kaisa Center	May 2012	Yes	2015 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.]
Yingkou Dragon Bay	Yingkou	1	315,883	268,501
Yingkou Monarch Residence	Yingkou	1	92,996	79,046
Benxi Lake View Place	Benxi	-	323,120	274,652
Huludao Suizhong Kaisa Dongdaihe	Huludao	1	529,994	476,994
Huludao Suizhong Kaisa Dongdaihe	Huludao	2	126,517	113,865
Weifang Kaisa Golden World	Weifang	1	131,112	111,445
Qingdao Kaisa Lake View Place	Qingdao	1	135,369	115,063
Qingdao Kaisa Lake View Place	Qingdao	2	25,563	21,728
Dandong Kaisa Mansion No. 1	Dandong	1	124,946	103,515
Dalian Kaisa Center	Dalian	-	156,239	132,803
Changsha Lake View Place	Changsha	3	168,731	143,422
Changsha Lake View Place	Changsha	4	123,671	105,120
Changsha Kaisa Times Square	Changsha	-	107,431	91,316
Zhuzhou Golden World	Zhuzhou	2	30,115	25,598
Zhuzhou Golden World	Zhuzhou	3	224,031	190,426
Wuhan Golden World	Wuhan	2	238,509	202,733
Wuhan Golden World	Wuhan	3	182,126	154,807
Jiangyin Kaisa Plaza	Jiangyin	1	71,433	60,717
Jiangyin Kaisa Plaza	Jiangyin	3	1,578	1,341
Jiangyin Tonghui Garden	Jiangyin	-	73,615	62,573
Jiangyin Fuqiao Homeland	Jiangyin	-	110,354	93,801
Taizhou Kaisa Mansion No. 1	Taizhou	1	72,431	61,568
Shanghai Shangpin Garden	Shanghai	-	84,448	71,780
Shanghai Xiangyi Garden	Shanghai	1	116,607	99,116
Shanghai Kaisa City Plaza	Shanghai	1	124,978	106,231
Shanghai Kaisa City Plaza	Shanghai	2	78,431	66,667
Shanghai Kaisa City Plaza	Shanghai	3	128,315	109,068
Hangzhou Jade Dragon Court	Hangzhou	-	98,041	83,335
Hangzhou Kaisa Monarch Residence	Hangzhou	-	100,849	85,722
Hangzhou Puyu Court	Hangzhou	-	207,476	176,354
Total			8,625,121	7,436,026

Project	Commencement Time	Status of Pre-sale permit	Estimated Completion Time	Interest Attributable to us
Yingkou Dragon Bay	July 2011	Yes	2014 3rd quarter	52%
Yingkou Monarch Residence	June 2011	Yes	2014 3rd quarter	100%
Benxi Lake View Place	September 2011	Yes	2014 3rd quarter	100%
Huludao Suizhong Kaisa Dongdaihe	October 2011	Yes	2014 4th quarter	100%
Huludao Suizhong Kaisa Dongdaihe	August 2013	Yes	2014 4th quarter	100%
Weifang Kaisa Golden World	November 2012	Yes	2015 1st quarter	100%
Qingdao Kaisa Lake View Place	October 2013	Yes	2015 3rd quarter	100%
Qingdao Kaisa Lake View Place	May 2014	Not yet obtained	2015 4th quarter	100%
Dandong Kaisa Mansion No. 1	September 2013	Yes	2015 2nd quarter	100%
Dalian Kaisa Center	September 2013	Yes	2015 1st quarter	100%
Changsha Lake View Place	November 2011	Yes	2014 3rd quarter	100%
Changsha Lake View Place	April 2013	Yes	2015 3rd quarter	100%
Changsha Kaisa Times Square	March 2013	Yes	2014 4th quarter	100%
Zhuzhou Golden World	October 2011	Yes	2014 3rd quarter	100%
Zhuzhou Golden World	March 2013	Yes	2014 4th quarter	100%
Wuhan Golden World	January 2013	Yes	2014 4th quarter	100%
Wuhan Golden World	September 2013	Yes	2015 2nd quarter	100%
Jiangyin Kaisa Plaza	January 2011	Yes	2015 2nd quarter	100%
Jiangyin Kaisa Plaza	October 2011	Yes	2014 3rd quarter	100%
Jiangyin Tonghui Garden	May 2013	Not yet obtained	2015 2nd quarter	51%
Jiangyin Fuqiao Homeland	January 2014	Not yet obtained	2015 2nd quarter	51%
Taizhou Kaisa Mansion No. 1	February 2013	Yes	2015 2nd quarter	51%
Shanghai Shangpin Garden	February 2013	Yes	2014 4th quarter	100%
Shanghai Xiangyi Garden	April 2013	Yes	2015 2nd quarter	51%
Shanghai Kaisa City Plaza	November 2013	Yes	2015 3rd quarter	100%
Shanghai Kaisa City Plaza	December 2013	Not yet obtained	2015 3rd quarter	100%
Shanghai Kaisa City Plaza	March 2014	Not yet obtained	2015 4th quarter	51%
Hangzhou Jade Dragon Court	February 2012	Yes	2014 4th quarter	100%
Hangzhou Kaisa Monarch Residence	April 2014	Not yet obtained	2015 4th quarter	51%
Hangzhou Puyu Court	May 2014	Not yet obtained	2016 2nd quarter	51%

PROPERTIES HELD FOR FUTURE DEVELOPMENT

The table below sets forth certain information of our property projects held for future development as at 30 June 2014.

Project	Location	Project Phase	Estimated Total GFA (sq.m.)	Estimated Completion Time ⁽¹⁾
Shenzhen Kaisa Global Center	Shenzhen	–	142,000	2018
Shenzhen Kaisa City Plaza	Shenzhen	3	403,300	2016
Shenzhen Yantian Project	Shenzhen	1-3	450,246	2015
Shenzhen Dapeng Xiasha Project	Shenzhen	1-4	466,130	2017
Shenzhen Kaisa Qianhai Plaza	Shenzhen	2	61,383	2016
Guangzhou Tianhe Project	Guangzhou	–	45,534	2017
Guangzhou Tongbao Project	Guangzhou	–	72,966	2016
Guangzhou Sky Mansion	Guangzhou	–	35,479	2016
Guangzhou Kaisa Magnifique Plaza	Guangzhou	1-4	425,831	2016
Foshan Shunde Kaisa Golden World	Foshan	4	65,770	2015
Dongguan Le Grand Bleu	Dongguan	2-5	308,911	2016
Huizhou Yuan Zhou Project	Huizhou	–	61,200	2015
Huizhou Riverbank New Town	Huizhou	5-10	3,712,231	2015
Huizhou Huidong Yapojiao Project	Huizhou	1-3	295,754	2017
Zhuhai Lake View Waldorf Garden	Zhuhai	2-3	370,115	2015
Zhuhai Golden World	Zhuhai	3-4	96,784	2015
Chengdu Kaisa Mansion No. 8	Chengdu	4-6	80,526	2015
Chengdu Kaisa City Plaza	Chengdu	1-2	143,516	2016
Chengdu Kaisa Leading Town	Chengdu	1-2	245,806	2016
Chongqing Kaisa Plaza	Chongqing	2	163,919	2016
Chongqing Kaisa Bright Harbour	Chongqing	1-10	733,267	2016
Yingkou Dragon Bay	Yingkou	2	259,911	2015
Yingkou Monarch Residence	Yingkou	2	110,522	2015
Anshan Lake View Waldorf	Anshan	3	472,330	2015

Project	Location	Project Phase	Estimated Total GFA (sq.m.)	Estimated Completion Time ⁽¹⁾
Anshan Monarch Residence	Anshan	1-2	389,216	2015
Anshan Kaisa Plaza	Anshan	-	8,020	2015
Benxi Lake View Place	Benxi	-	33,703	2015
Panjin Kaisa Center	Panjin	2	209,375	2015
Huludao Suizhong Kaisa Dongdaihe	Huludao	1-4	1,532,122	2015
Weifang Kaisa Golden World	Weifang	2-4	115,592	2015
Qingdao Kaisa Lake View Place	Qingdao	2-3	112,488	2015
Dandong Kaisa Mansion No. 1	Dandong	2-3	168,380	2015
Changsha Lake View Place	Changsha	4	745,637	2015
Changsha Meixi Lake Project	Changsha	1-2	353,525	2016
Wuhan Kaisa Mansion No. 1	Wuhan	1-2	116,198	2016
Taizhou Kaisa Mansion No. 1	Taizhou	2-3	300,563	2015
Shanghai Xiangyi Garden	Shanghai	2	87,282	2015
Shanghai Pudong Project	Shanghai	-	49,896	2017
Suzhou Gaoxin Zhuyuan Project	Suzhou	1-2	93,055	2016
Suzhou Kaisa Monarch Residence	Suzhou	1-2	155,035	2016
Nanjing Hexi Project	Nanjing	1-3	302,037	2016
Total			13,995,555	

Note:

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

DISCLOSURE OF INTERESTS

SHARE OPTION SCHEMES

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

(1) Purpose of the Share Option Scheme

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

(2) Participants of the Share Option Scheme

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

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

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% of the Shares in issue upon the completion of the Global Offering (as defined in the prospectus of the Company dated 26 November 2009), 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 2014, 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 9.81% of the issued share capital of the Company.

During the six months ended 30 June 2014, a total of 11,000,000 options were granted under the Share Option Scheme. For the six months ended 30 June 2014, a total of 50,783,000 options were exercised, no options were cancelled, and a total of 32,944,000 options 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 granted pursuant to the Share Option Scheme and any other share option schemes of the Company to each participant of the Share Option Scheme in any 12-month period up to and including the date of grant of the options shall not exceed 1% of the total number of Shares in issue.

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

The period within which the options must be exercised will be specified by the Company at the time of grant, 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 quotations 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 quotations sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of grant.

(8) Remaining life of the Share Option Scheme

The Share Option Scheme will remain valid until 9 December 2019 after which no further options may be granted. In respect of all options which remain exercisable on such date, the provisions of the Share Option Scheme shall remain in full force and effect. The summary below sets out the details of options granted as at 30 June 2014 pursuant to the Share Option Scheme:

Grantee	Balance as of 1 January 2014 (Note 2)	Grant during the six months ended 30 June 2014 (Note 3)	Exercised during the six months ended 30 June 2014 (Note 4)	Lapsed during the six months ended 30 June 2014	Balance as of 30 June 2014
SUN Yuenan	20,020,000	–	–	–	20,020,000
TAM Lai Ling	55,030,000 (Note 1)	–	–	–	55,030,000
JIN Zhigang	14,520,000	–	(2,004,000)	–	12,516,000
ZHANG Yizhao	1,000,000	–	–	–	1,000,000
RAO Yong	1,000,000	–	–	–	1,000,000
FOK Hei Yu	1,250,000	–	–	–	1,250,000
Other employees	294,367,000	11,000,000	(48,743,000)	(32,944,000)	223,680,000
Total	387,187,000	11,000,000	(50,783,000)	(32,944,000)	314,460,000

As at 30 June 2014, a total of 128,280,000 options were exercisable.

Notes:

- On 23 March 2010, the Company granted 25,000,000 Share options to Dr. Tam Lai Ling under the Share Option Scheme, at an exercise price of HK\$3.105. The vesting schedule for those share options are as follows: (i) 33% of the option Shares shall be vested six months from the date of the listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited; (ii) 33% of the option Shares shall be vested two business days after the publication of the Company's 2010 annual report; and (iii) the remaining 34% of the option Shares shall be vested two business days after the publication of the Company's 2011 annual report. Those Share options may be exercised in whole or in part by Dr. Tam Lai Ling at any time within five years from the respective dates of vesting. For further details, please refer to the announcement of the Company dated 23 March 2010.
- For the information on the date of grant, exercise period and exercise price in relation to the outstanding Share options as at 1 January 2014, 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. Exercise period of those share options shall not exceed a period of ten years commencing on the respective date of grant.
- On 21 February 2014, the Company granted 11,000,000 Share options to an employee and a consultant of the Company and its subsidiaries under the Share Option Scheme, at an exercise price of HK\$2.61. The exercise period is from 21 February 2014 to 20 February 2024 and the Shares options are exercised during the following periods: (i) Up to 20% of the Share options granted to them at any time after the expiration of 12 months from 21 February 2014; (ii) Up to 20% of the Share options granted to them at any time after the expiration of 24 months from 21 February 2014; (iii) Up to 20% of the Share options granted to them at any time after the expiration of 36 months from 21 February 2014; (iv) Up to 20% of the Share options granted to them at any time after the expiration of 48 months from 21 February 2014; (v) all the remaining the Share options granted to them at any time after the expiration of 60 months from 21 February 2014, and in each case, not later than 20 February 2024. The closing price of the Shares immediately before the date on which the Share options were granted was HK\$2.67 per Share. For further details, please refer to the announcement of the Company dated 23 February 2014 and Note 26 to the Unaudited Condensed Consolidated Interim Financial Information.
- The weighted average closing price of the Shares immediately before the dates on which the Share options were exercised by each of Mr. Jin Zhigang and other employees was HK\$2.80 per Share and HK\$2.58 per Share, respectively.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2014, 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 the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the Shares:

Name of Director	Capacity Number of Shares	Number of Shares (Note 1)	Approximate percentage of the issued share capital of the Company (Note 2) (%)
KWOK Ying Shing	Settlor/Beneficiary of the Kwok Family Trust	3,104,696,133	61.35
KWOK Ying Chi	Settlor/Beneficiary of the Kwok Family Trust	3,104,696,133	61.35

Notes:

- (1) These interests refer to the Shares that are beneficially owned through the Kwok Family Trust, a trust established for the benefit of the Kwok family. See "Substantial Shareholders".
- (2) Based on 5,060,407,910 Shares in issue as at 30 June 2014.

(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	0.37
TAM Lai Ling	Beneficial owner	55,030,000	1.02
JIN Zhigang	Beneficial owner	12,516,000	0.23
ZHANG Yizhao	Beneficial owner	1,000,000	0.02
RAO Yong	Beneficial owner	1,000,000	0.02
FOK Hei Yu	Beneficial owner	1,250,000	0.02

Note:

Assuming all the options granted under the Share Option Scheme have been exercised.

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

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

Note:

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

Save for those disclosed above, as at 30 June 2014, none of the Directors 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

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at 30 June 2014, the following shareholders, other than those disclosed in the section headed "Directors' and Chief Executive's Interests in Securities", had notified the Company of its interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

As at 30 June 2014, so far as the Directors are aware, persons other than the directors or chief executive of the Company, having 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 were as follows:

Name of substantial shareholder	Capacity	Type of interests	Number of shares (Note 1)	Approximate percentage of the issued share capital of the Company (%)
Da Chang	Beneficial owner	Corporation	1,000,307,622 (L) (Notes 2 & 13)	19.77 (L)
Da Feng	Beneficial owner	Corporation	1,035,026,457 (L) (Notes 2 & 13)	20.45 (L)
Da Zheng	Beneficial owner	Corporation	1,069,362,054 (L) (Notes 2 & 13)	21.13 (L)
Chang Yu	Interest in a controlled corporation	Corporation	3,104,696,133 (L) (Notes 2 & 13)	61.35 (L)
Good Health	Interest in a controlled corporation	Corporation	3,058,198,701 (L) (Notes 2, 3 & 12)	62.35 (L)
Credit Suisse Trust Limited	Interest in a controlled corporation	Corporation	3,058,198,701 (L) (Notes 4 & 12)	62.35 (L)
Kwok Chun Wai	Settlor/Beneficiary of the Kwok Family Trust	Family Trust	3,104,696,133 (L) (Notes 4 & 13)	61.35 (L)
Credit Suisse (Hong Kong) Limited	Interests held jointly with others	Corporation	300,000,000 (L) 150,000,000 (S) (Notes 5 & 11)	6.00 (L) 3.00 (S)

Name of substantial shareholder	Capacity	Type of interests	Number of shares (Note 1)	Approximate percentage of the issued share capital of the Company (%)
Credit Suisse (International) Holding AG	Interest in a controlled corporation	Corporation	300,000,000 (L) 150,000,000 (S) (Notes 5 & 11)	6.00 (L) 3.00 (S)
Credit Suisse AG	Interest in a controlled corporation	Corporation	4,107,726,245 (L) 865,688,491 (S) (Notes 5, 9 & 13)	82.15 (L) 17.31 (S)
Credit Suisse Holdings (USA), Inc.	Interest in a controlled corporation	Corporation	3,791,570,651 (L) 715,688,491 (S) (Notes 6, 9 & 11)	75.83 (L) 14.31 (S)
Credit Suisse (USA) Inc.	Interest in a controlled corporation	Corporation	3,791,570,651 (L) 715,688,491 (S) (Notes 6, 9 & 11)	75.83 (L) 14.31 (S)
Credit Suisse Private Equity, Inc.	Interest in a controlled corporation	Corporation	3,791,570,651 (L) 715,688,491 (S) (Notes 6, 9 & 11)	75.83 (L) 14.31 (S)
DLJ Real Estate Capital IV, Inc.	Interest in a controlled corporation	Corporation	3,791,570,651 (L) 715,688,491 (S) (Notes 7, 9 & 11)	75.83 (L) 14.31 (S)
DLJ Real Estate Capital IV, L.P.	Interest in a controlled corporation	Corporation	3,791,570,651 (L) 715,688,491 (S) (Notes 7, 9 & 11)	75.83 (L) 14.31 (S)
DLJ Real Estate Capital Partners IV, L.P.	Interest in a controlled corporation	Corporation	3,791,570,651 (L) 715,688,491 (S) (Notes 7, 9 & 11)	75.83 (L) 14.31 (S)
RECP IV Kaisa, LLC	Beneficial owner	Corporation	3,791,570,651 (L) 715,688,491 (S) (Notes 7, 8, 9 & 11)	75.83 (L) 14.31 (S)
Sino Life Insurance Co., Ltd.	Beneficial owner Interest in a controlled corporation	Corporation	682,700,957 (L) 288,906,149 (L) (Notes 10 & 13)	18.01 (L)

Notes:

- The letter "L" denotes the person's long position in the Shares and the letter "S" denotes the person's short position in the Shares.
- The entire issued share capital of each of Da Chang, Da Feng and Da Zheng is held by Chang Yu which is in turn wholly-owned by Good Health.
- Good Health is owned as to 50% by Seletar Limited and as to 50% by Serangoon Limited as nominees and trustees for Credit Suisse Trust Limited. The number of shares, indirectly held by Good Health and Credit Suisse Trust Limited, are made reference to the forms of the disclosure of interests filed by them on 28 October 2011.

Disclosure of Interests (continued)

4. Credit Suisse Trust Limited which is acting as the trustee of a discretionary trust set up by Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi on 23 May 2008 (the "Kwok Family Trust"). The beneficiary objects of the Kwok Family Trust include the immediate family members of the Kwok Family (including Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi). Each of Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi is a settlor of the Kwok Family Trust and is therefore taken to be interested in the Shares held by Da Chang, Da Feng and Da Zheng.
5. Credit Suisse Group AG is a company listed in Switzerland, ADS in New York and is the parent company of Credit Suisse AG, Credit Suisse (Hong Kong) Limited and Credit Suisse (International) Holding AG.
6. Credit Suisse Private Equity, Inc. is wholly-owned by Credit Suisse (USA), Inc., which is in turn wholly-owned by Credit Suisse Holdings (USA), Inc.
7. DLJ Real Estate Capital Partners IV, L.P. is wholly-owned by DLJ Real Estate Capital IV, L.P., which is in turn wholly-owned by DLJ Real Estate Capital IV, Inc., which is in turn wholly-owned by Credit Suisse Private Equity, Inc.
8. RECP IV Kaisa, LLC, a limited liability company organised under the laws of the State of Delaware, the United States of America, is controlled by DLJ Real Estate Capital Partners IV, L.P.. RECP IV Kaisa, LLC has a direct interest in 77,635,783 (L) Shares. Reference is made to the form of the disclosure of interests filed by RECP IV Kaisa, LLC on 28 December 2009.
9. The interests in the 3,791,570,651(L) Shares (in case of Credit Suisse AG, 4,107,726,245 (L) Shares) and the 715,688,491(S) Shares are the aggregate interests of all investors to the pre-IPO equity agreements among such investors, the Company and the Controlling Shareholders. Pursuant to such agreements, such investors are considered as parties acting in concert under Section 317 and 318 of the SFO, and pursuant to such rules all their interests in the Company (including those of their affiliates) have been counted together when calculating the interests of each such investor (and its controlling person) in the Company. For this purpose, the shares owned by Da Chang, Da Feng and Da Zheng under the trust (see Note 4 above) are also included when calculating the interests of each such investor (and its controlling person) in the Company. Reference is made to the forms of the disclosure of interests filed by those investors on 28 December 2009 and 30 December 2009.
10. 228,906,149 Shares were held by Fund Resources Investment Holding Group Company Limited, which was wholly owned by Sino Life Insurance Co., Ltd. as at 30 June 2014. By virtue of SFO, 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 Sino Life Insurance Co., Ltd on 3 June 2014.
11. The percentage has been calculated based on 5,000,000,000 Shares in issue as at 31 December 2009.
12. The percentage has been calculated based on 4,905,390,000 Shares in issue as at 31 December 2011.
13. The percentage has been calculated based on 5,060,407,910 Shares in issue as at 30 June 2014.

Save for those disclosed above, as at 30 June 2014, 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.



羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KAISA GROUP HOLDINGS LTD.

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 38 to 74, which comprises the condensed consolidated interim balance sheet of Kaisa Group Holdings Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2014 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 20 August 2014

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CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
ASSETS			
Non-current assets			
Property and equipment	6	1,003,480	579,528
Investment properties	6	10,460,400	9,595,200
Land use rights	6	195,727	165,342
Deferred income tax assets		236,065	197,560
		11,895,672	10,537,630
Current assets			
Properties under development		58,410,653	45,168,917
Completed properties held for sale		5,849,515	6,134,899
Debtors, deposits and other receivables	7	3,408,311	3,323,539
Deposits for land acquisition	8	10,530,359	9,662,066
Prepayments for proposed development projects		4,143,718	4,025,563
Prepaid taxes		308,735	197,760
Financial derivatives		–	51,450
Restricted cash		1,527,784	1,676,463
Short term bank deposits		178,453	263,723
Cash and cash equivalents		9,384,761	6,765,970
		93,742,289	77,270,350
Total assets		105,637,961	87,807,980
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	9	444,496	434,139
Share premium	9	4,119,136	3,861,789
Reserves	10	13,720,323	13,001,645
		18,283,955	17,297,573
Perpetual capital instruments	11	1,000,000	–
Non-controlling interests		6,474,653	4,460,591
Total equity		25,758,608	21,758,164

	Note	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	12	23,765,787	18,200,998
Amounts due to non-controlling interests of a subsidiary	13	2,838,972	-
Deferred income tax liabilities		1,336,894	1,300,266
		27,941,653	19,501,264
Current liabilities			
Advance proceeds received from customers	14	20,080,813	16,369,710
Advance deposits received	15	11,041,359	13,269,230
Accrued construction costs		7,991,424	8,020,540
Income tax payable		3,318,157	2,817,056
Borrowings	12	6,007,740	4,023,758
Financial derivatives		11,886	-
Other payables and deposits	16	3,383,723	1,977,465
Amounts due to non-controlling interests of subsidiaries		102,598	70,793
		51,937,700	46,548,552
Total liabilities		79,879,353	66,049,816
Total equity and liabilities		105,637,961	87,807,980
Net current assets		41,804,589	30,721,798
Total assets less current liabilities		53,700,261	41,259,428

The notes on pages 43 to 74 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

Unaudited
Six months ended 30 June

	Note	2014 RMB'000	2013 RMB'000
Revenue	5	6,792,523	7,016,075
Cost of sales	18	(4,055,930)	(4,460,576)
Gross profit		2,736,593	2,555,499
Other gains – net	17	18,814	2,004
Selling and marketing costs	18	(417,061)	(356,698)
Administrative expenses	18	(414,368)	(406,170)
Change in fair value of investment properties	6	232,414	363,910
Change in fair value of financial derivatives		(63,807)	(6,908)
Operating profit		2,092,585	2,151,637
Finance income		168,537	179,547
Finance costs		(140,012)	(566,958)
Finance income/(costs) – net	19	28,525	(387,411)
Profit before income tax		2,121,110	1,764,226
Income tax expenses	20	(774,624)	(759,818)
Profit and total comprehensive income for the period		1,346,486	1,004,408
Profit attributable to:			
Equity holders of the Company		1,328,655	1,024,624
Non-controlling interests		17,831	(20,216)
		1,346,486	1,004,408
Earnings per share for profit attributable to equity holders of the Company for the period (expressed in RMB per share)			
– Basic	21	0.267	0.209
– Diluted	21	0.246	0.197

The notes on pages 43 to 74 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Unaudited						
	Capital and reserves attributable to equity holders of the Company						
	Share capital	Share premium	Reserves	Total	Perpetual capital instruments	Non-controlling interests	Total equity
RMB'000 (note 9)	RMB'000 (note 9)	RMB'000 (note 10)	RMB'000	RMB'000	RMB'000 (note 11)	RMB'000	RMB'000
Balance as at 1 January 2013	432,246	3,817,526	10,100,417	14,350,189	-	703,994	15,054,183
Total comprehensive income	-	-	1,024,624	1,024,624	-	(20,216)	1,004,408
Transactions with owners in their capacity as owners:							
Share-based payments (note 18)	-	-	33,998	33,998	-	-	33,998
Exercise of share options	678	17,585	(5,077)	13,186	-	-	13,186
Acquisition of non-controlling interests (note 25(a))	-	-	-	-	-	(18,228)	(18,228)
Deemed partial disposal of interests in a subsidiary without loss of control (note 25(d))	-	-	1,203	1,203	-	188,797	190,000
Partial disposal of interests in a subsidiary without loss of control (note 25(b))	-	-	59	59	-	1,741	1,800
Capital injection by non-controlling interests	-	-	-	-	-	16,140	16,140
Balances as at 30 June 2013	432,924	3,835,111	11,155,224	15,423,259	-	872,228	16,295,487
Balance as at 1 January 2014	434,139	3,861,789	13,001,645	17,297,573	-	4,460,591	21,758,164
Total comprehensive income	-	-	1,328,655	1,328,655	-	17,831	1,346,486
Transactions with owners in their capacity as owners:							
Share-based payments (note 18)	-	-	7,534	7,534	-	-	7,534
Issue of scrip dividend shares	6,354	163,921	(170,275)	-	-	-	-
Dividend paid	-	-	(420,772)	(420,772)	-	-	(420,772)
Exercise of share options	4,003	93,426	(27,314)	70,115	-	-	70,115
Issuance of perpetual capital instruments (note 11)	-	-	-	-	1,000,000	-	1,000,000
Partial disposal of interests in subsidiaries without loss of control (note 25(b))	-	-	1,638	1,638	-	1,997,182	1,998,820
Disposal of interests in subsidiaries (note 25(c))	-	-	(788)	(788)	-	(951)	(1,739)
Balances as at 30 June 2014	444,496	4,119,136	13,720,323	18,283,955	1,000,000	6,474,653	25,758,608

The notes on pages 43 to 74 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

		Unaudited Six months ended 30 June	
		2014	2013
		RMB'000	RMB'000
	Note		
Cash flows from operating activities			
Cash used in operations		(8,318,439)	(233,560)
Income tax paid		(386,375)	(492,899)
Interest paid		(1,024,644)	(955,206)
Net cash used in operating activities		(9,729,458)	(1,681,665)
Cash flows from investing activities			
Purchase of property and equipment		(108,718)	(174,991)
Additions to investment properties		(695,034)	(963,425)
Additions in land use right		-	(76,450)
Proceeds from disposal of interests in subsidiaries		-	47
Proceeds from disposal of property and equipment		263	28
Decrease in short-term bank deposits		85,270	-
Interest received		9,509	12,840
Net cash used in investing activities		(708,710)	(1,201,951)
Cash flows from financing activities			
Proceeds from bank and other borrowings		7,310,220	3,908,000
Repayments of bank and other borrowings		(3,827,433)	(1,401,255)
Proceeds from issuance of Senior Notes	12(b)	3,908,263	8,268,307
Redemption of Senior Notes	12(b)	-	(4,062,247)
Redemption of Senior Secured Guaranteed Bonds	12(e)	-	(2,000,000)
Redemption of Exchangeable Term Loan	12(e)	-	(754,260)
Premium paid for early redemption of debts	12(e)	-	(334,391)
Proceeds from perpetual capital instruments	11	1,000,000	-
Acquisition of additional non controlling interests		-	(32,075)
Capital injection by non-controlling interests		-	16,140
Proceeds from amount due to non-controlling interests of a subsidiary	13	2,998,000	-
Proceeds from partial disposal of interests in subsidiaries without loss of control	25(b)	1,998,820	1,800
Proceeds from deemed disposal of interests in a subsidiary without loss of control	25(d)	-	190,000
Proceeds from exercise of share options		70,115	13,186
Dividend paid		(420,772)	-
Net cash generated from financing activities		13,037,213	3,813,205
Net increase in cash and cash equivalents		2,599,045	929,589
Cash and cash equivalents at beginning of period		6,765,970	4,682,502
Exchange adjustments		19,746	(14,778)
Cash and cash equivalents at end of period		9,384,761	5,597,313

The notes on pages 43 to 74 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information was approved by the board of directors of the Company for issue on 20 August 2014.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements.

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

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

The following new standards, amendments to standards and interpretation are also mandatory for the Group's financial year beginning on 1 January 2014.

HKFRS 10, 12 and HKAS 27 (Amendments)	Consolidation for Investment entities
HKAS 32 (Amendment)	Financial instruments: Presentation on asset and liability offsetting
HKAS 36 (Amendment)	Impairment of assets on recoverable amount disclosures
HKAS 39 (Amendment)	Financial instruments: Recognition and measurement – Novation of derivatives
HK(IFRIC) 21	Levies

The application of the above new or revised HKFRS has had no material effect on the Group's results and financial position.

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

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

The following new standards, amendments to standards and interpretation have been issued but are not yet effective for the financial year beginning on 1 January 2014 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 11 (Amendment)	Joint arrangements – Acquisition of an interest in a joint operation	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKAS 19 (Amendment)	Employee Benefits – Defined benefits plans	1 July 2014
HKAS 16 and 38 (Amendment)	Property, Plant and Equipment and Intangible Assets on depreciation and amortization	1 January 2016
HKFRS (Amendments)	Annual improvement 2012 and 2013	1 July 2014

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

3 ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013, with the exception of changes in estimates that are required in determining the provision for income taxes.

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 2013.

There have been no changes in the risk management policies of the Group since year ended 31 December 2013.

4.2 Liquidity risk

During the period ended 30 June 2014, the Group's non-current borrowings increased by approximately RMB5,564,789,000 and current borrowings increased by approximately RMB1,983,982,000.

On 13 January 2014, the Company issued additional 8.875% senior note due 2018 in an aggregate principal amount of US\$250,000,000 (equivalent to approximately RMB1,524,225,000) at 101% of face value (the "Senior Note January 2014"). 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") (note 12).

4.3 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 2014 and 31 December 2013, 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 review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The executive directors assess the performance of the single operating segment based on a measure of profit before finance income, finance costs and income tax expenses.

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

Revenue for the period consists of the following:

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Turnover		
Sales of properties		
– Completed properties held for sale	4,119,905	4,113,348
– Properties under development and proposed development projects	2,420,581	2,720,540
Rental income	94,240	75,584
Property management services	83,937	70,514
Hotel and catering operations	27,252	23,856
Other businesses	46,608	12,233
	6,792,523	7,016,075

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

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

	Unaudited					
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Other businesses RMB'000	Total RMB'000
Revenue	6,540,486	107,319	223,790	27,252	46,608	6,945,455
Less: Inter-segment revenue	-	(13,079)	(139,853)	-	-	(152,932)
	6,540,486	94,240	83,937	27,252	46,608	6,792,523
Segment results before changes in fair value of investment properties and financial derivatives	1,921,556	47,008	4,682	(31,307)	(17,961)	1,923,978
Change in fair value of investment properties	-	232,414	-	-	-	232,414
Change in fair value of financial derivatives	-	-	-	-	(63,807)	(63,807)
Segment results	1,921,556	279,422	4,682	(31,307)	(81,768)	2,092,585
Finance income						168,537
Finance costs						(140,012)
Finance income – net (note 19)						28,525
Profit before income tax						2,121,110
Income tax expenses (note 20)						(774,624)
Profit for the period						1,346,486
Other information:						
Depreciation (note 6)	16,891	1,947	2,013	8,875	10,594	40,320
Amortisation of land use rights (note 6)	976	-	-	773	1,135	2,884
Write down of completed properties held for sale (note 17)	19,763	-	-	-	-	19,763

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

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

	Unaudited					
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Other businesses RMB'000	Total RMB'000
Revenue	6,833,888	83,740	156,621	23,856	12,233	7,110,338
Less: Inter-segment revenue	-	(8,156)	(86,107)	-	-	(94,263)
	6,833,888	75,584	70,514	23,856	12,233	7,016,075
Segment results before changes in fair value of investment properties and financial derivatives	1,812,808	34,545	3,003	(15,556)	(40,165)	1,794,635
Change in fair value of investment properties	-	363,910	-	-	-	363,910
Change in fair value of financial derivatives	-	-	-	-	(6,908)	(6,908)
Segment results	1,812,808	398,455	3,003	(15,556)	(47,073)	2,151,637
Finance income						179,547
Finance costs						(566,958)
Finance costs – net (note 19)						(387,411)
Profit before income tax						1,764,226
Income tax expenses (note 20)						(759,818)
Profit for the period						1,004,408
Other information:						
Depreciation (note 6)	14,835	1,089	1,949	6,032	6,484	30,389
Amortisation of land use rights (note 6)	495	-	-	740	956	2,191
Write down of completed properties held for sale (note 17)	46,567	-	-	-	-	46,567

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

The segment assets and liabilities as at 30 June 2014 are as follows:

	Unaudited						
	Property development	Property investment	Property management	Hotel and catering operations	Other businesses	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	214,021,686	11,547,442	2,694,837	614,653	46,031,794	(169,817,251)	105,093,161
Unallocated							544,800
Total assets							105,637,961
Segment liabilities	175,396,706	4,345,007	1,528,994	229,234	19,569,248	(144,000,310)	57,068,879
Unallocated							22,810,474
Total liabilities							79,879,353
Other information:							
Capital expenditure	2,793	713,364	2,429	51,660	33,506	-	803,752

The segment assets and liabilities as at 31 December 2013 are as follows:

	Audited						
	Property development	Property investment	Property management	Hotel and catering operations	Other businesses	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	158,331,734	10,420,311	2,514,776	222,412	43,150,360	(127,278,383)	87,361,210
Unallocated							446,770
Total assets							87,807,980
Segment liabilities	123,855,947	3,360,969	1,518,295	154,690	20,705,307	(103,833,970)	45,761,238
Unallocated							20,288,578
Total liabilities							66,049,816
Other information:							
Capital expenditure	37,886	1,370,494	7,610	20,529	289,963	-	1,726,482

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

Inter-segment transfers or transactions are entered into at terms and conditions agreed upon by respective parties.

Other businesses segment includes department store, cinema, cultural centre operations, investment holding and inactive companies.

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

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

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

6 PROPERTY AND EQUIPMENT, INVESTMENT PROPERTIES AND LAND USE RIGHTS

	Unaudited		
	Property and equipment RMB'000	Investment properties RMB'000 (note)	Land use rights RMB'000
Six months ended 30 June 2014			
Opening net book amount at 1 January 2014	579,528	9,595,200	165,342
Transfer to property and equipment and land use rights from investment properties	42,256	(50,769)	8,513
Transfer from properties under development	315,509	-	24,756
Transfer to completed properties held for sale	-	(11,479)	-
Acquisition of a subsidiary	99	-	-
Additions	108,718	695,034	-
Amortisation (note 18)	-	-	(2,884)
Depreciation (note 18)	(40,320)	-	-
Disposals	(1,723)	-	-
Disposals of subsidiaries	(587)	-	-
Increase in fair value	-	232,414	-
Closing net book amount at 30 June 2014	1,003,480	10,460,400	195,727

6 PROPERTY AND EQUIPMENT, INVESTMENT PROPERTIES AND LAND USE RIGHTS

(Continued)

	Unaudited		
	Property and equipment RMB'000	Investment properties RMB'000 (note)	Land use rights RMB'000
Six months ended 30 June 2013			
Opening net book amount at 1 January 2013	307,948	7,539,500	60,485
Transfer from completed properties held for sale	69,797	-	19,250
Transfer to completed properties held for sale	-	(35,000)	-
Additions	174,991	963,425	76,450
Amortisation (note 18)	-	-	(2,191)
Depreciation (note 18)	(30,389)	-	-
Disposals	(453)	-	-
Disposals of subsidiaries	(47)	-	-
Increase in fair value	-	363,910	-
Closing net book amount at 30 June 2013	521,847	8,831,835	153,994

Note:

The Group obtains independent valuations from Savills Valuation and Professional Services Limited, for its investment properties at 30 June 2014 and 2013. 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 DEBTORS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Trade receivables (note a)	863,220	1,763,782
Other receivables (note b)	1,329,357	394,111
Other deposits	335,472	477,874
Prepayments	101,335	135,813
Prepaid other taxes	778,927	551,959
	3,408,311	3,323,539

Notes:

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

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Not yet due (note i)	315,620	683,870
Within 90 days (note i and ii)	365,224	1,038,882
91–180 days (note ii)	177,996	31,679
181–270 days (note ii)	3,583	9,351
271–365 days (note ii)	797	–
	863,220	1,763,782

7 DEBTORS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

- (a) *(Continued)*
- (i) As at 30 June 2014 and 31 December 2013, the balance of RMB345,620,000 and RMB683,870,000 represented receivables from sales of commercial and residential properties, properties under development and proposed development projects to independent third parties. These receivables are repayable within one year after the completion of certain legal documents, which are expected to be settled during 2014 and 2015.
 - (ii) As at 30 June 2014, the balance primarily represented receivables from sale of residential properties to independent third parties. Generally, no credit terms are granted to these customers. The Group considered the above receivables were past due but not impaired as majority of the balances are due from customers in the process of applying mortgage loans or repaid in according to the repayment schedule. These relate to a number of independent customers for whom there is no recent history of default.
- (b) As at 30 June 2014 and 31 December 2013, the balance of RMB1,103,796,000 and RMB91,950,000 represented the other receivables arising from the disposal of certain subsidiaries of the Group which mainly consisted of sales of commercial and residential properties, properties under development and proposed development projects to independent third parties. These receivables are repayable within six months to one year after the completion of certain legal documents, which is expected to be settled in the next twelve months.
- (c) As at 30 June 2014 and 31 December 2013, there is no provision made for trade and other receivables and no trade and other receivables were impaired.

8 DEPOSITS FOR LAND ACQUISITION

Deposits for land acquisition arise from the acquisition of land in various regions in the PRC. These deposits would be converted into land use rights when the rights to use the lands have been obtained.

9 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares HKD'000	Unaudited		Total RMB'000
			Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	
Issued and fully paid:					
As at 1 January 2013	4,905,840,000	490,584	432,246	3,817,526	4,249,772
Exercise of share options	8,385,000	839	678	17,585	18,263
As at 30 June 2013	4,914,225,000	491,423	432,924	3,835,111	4,268,035
As at 1 January 2014	4,929,515,000	492,952	434,139	3,861,789	4,295,928
Exercise of share options	50,783,000	5,078	4,003	93,426	97,429
Issue of scrip dividend shares (note)	80,109,910	8,011	6,354	163,921	170,275
As at 30 June 2014	5,060,407,910	506,041	444,496	4,119,136	4,563,632

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

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

10 RESERVES

	Unaudited							
	Merger reserve (note a)	Exchange Reserve	Statutory reserves (note b)	Share option reserve (note c)	Capital reserve	Conversion option reserve (note 12(c))	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2013	382	24,835	505,185	133,011	(93,022)	220,824	9,309,202	10,100,417
Profit for the period	-	-	-	-	-	-	1,024,624	1,024,624
Share-based payments	-	-	-	33,998	-	-	-	33,998
Exercise of share options	-	-	-	(5,077)	-	-	-	(5,077)
Deemed partial disposal of interests in a subsidiary without loss of control	-	-	-	-	1,203	-	-	1,203
Partial disposal of interests in a subsidiary without loss of control	-	-	-	-	59	-	-	59
Balance at 30 June 2013	382	24,835	505,185	161,932	(91,760)	220,824	10,333,826	11,155,224
Balance at 1 January 2014	382	24,835	573,478	154,517	(70,749)	220,824	12,098,358	13,001,645
Profit for the period	-	-	-	-	-	-	1,328,655	1,328,655
Share-based payments	-	-	-	7,534	-	-	-	7,534
Exercise of share options	-	-	-	(27,314)	-	-	-	(27,314)
Issue of scrip dividend shares	-	-	-	-	-	-	(170,275)	(170,275)
Dividend paid	-	-	-	-	-	-	(420,772)	(420,772)
Partial disposal of interests in subsidiaries without loss of control	-	-	-	-	1,638	-	-	1,638
Disposal of interests in subsidiaries	-	-	(788)	-	-	-	-	(788)
Balance at 30 June 2014	382	24,835	572,690	134,737	(69,111)	220,824	12,835,966	13,720,323

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.

10 RESERVES *(Continued)*

Notes: *(Continued)*

- (b) In accordance with the relevant rules and regulations in the PRC and the provision of the articles of association of the PRC companies comprising the Group, before 1 January 2006, the local investment enterprises were required to appropriate at each year end 10% and 5% to 10% of the profit for the year after setting off the accumulated losses brought forward (based on figures reported in the statutory financial statements) to the statutory surplus reserve and the statutory public welfare fund (collectively the "Statutory Reserves"), respectively. After 1 January 2006, the local investment enterprises are allowed to appropriate 10% of the net profit to the Statutory Reserves until the accumulated appropriation exceeds 50% of the register capital.

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

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

- (c) Share option reserve represents value of employee services in respect of share options granted under the Share Option Scheme (note 26).

11 PERPETUAL CAPITAL INSTRUMENTS

During the period ended 30 June 2014, two subsidiaries of the Company issued perpetual capital instruments (the "Perpetual Capital Instruments") with the aggregate principal amount of RMB1,000,000,000.

The Perpetual Capital Instruments are jointly guaranteed by the Company and one of its subsidiaries. There is no maturity of the instruments and the payments of distribution can be deferred at the discretion of the issuers of the Perpetual Capital Instruments. The Perpetual Capital Instruments are classified as equity instruments and recorded in equity in the condensed consolidated interim balance sheet.

12 BORROWINGS

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings – secured (note a and f)	5,835,360	4,312,000
Bank borrowings – unsecured (note a)	2,612,590	2,624,231
Senior Notes (note b and e)	13,912,011	9,887,432
Convertible Bonds (note c)	1,405,826	1,377,335
	23,765,787	18,200,998
Borrowings included in current liabilities:		
Bank borrowings – secured (note a and f)	1,790,750	1,350,250
Bank borrowings – unsecured (note a)	4,216,990	1,758,973
Other borrowing – secured (note d)	–	914,535
	6,007,740	4,023,758
Total borrowings	29,773,527	22,224,756

Notes:

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

	Unaudited	
	2014 RMB'000	2013 RMB'000
Six months ended 30 June		
Opening amount as at 1 January	10,045,454	5,783,522
Additions	6,695,010	3,908,000
Repayments	(2,297,688)	(1,401,255)
Exchange difference	12,914	(16,700)
Closing amount as at 30 June	14,455,690	8,273,567

12 BORROWINGS *(Continued)*Notes: *(Continued)*

(b) Senior Notes

Movements in Senior Notes are analysed as follows:

	Unaudited						
	Senior Note	Senior Note	Senior Note	Senior Note	Senior Note	Senior Note	Total
	2012	January 2013	March 2013	April 2013	January 2014	June 2014	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Six months ended 30 June 2014							
Opening amount as at 1 January	1,538,556	3,149,137	3,397,712	1,802,027	-	-	9,887,432
Additions	-	-	-	-	1,505,747	2,402,516	3,908,263
Accrued interest (note 19)	102,141	158,587	152,204	65,694	64,670	15,169	558,465
Coupon payment	(98,122)	(156,233)	(148,803)	(61,875)	(24,800)	-	(489,833)
Exchange difference	13,675	28,170	30,487	-	13,855	275	86,462
Transactions cost on modification of terms	(5,334)	(10,613)	(11,421)	(6,218)	(5,192)	-	(38,778)
Closing amount as at 30 June	1,550,916	3,169,048	3,420,179	1,799,628	1,554,280	2,417,960	13,912,011

	Unaudited						
	Senior Note	Senior Note	Senior Note	Senior Note	Senior Note	Senior Note	Total
	2010	2011	2012	January 2013	March 2013	April 2013	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2013							
Opening amount as at 1 January	2,210,426	1,824,570	1,577,919	-	-	-	5,612,915
Additions	-	-	-	3,087,096	3,408,892	1,772,319	8,268,307
Accrued interest (note 19)	98,425	111,200	104,138	155,072	88,508	24,960	582,303
Coupon payment	(147,256)	(141,615)	(101,156)	-	-	-	(390,027)
Exchange difference	(6,036)	(5,009)	(26,729)	(54,877)	(59,222)	-	(151,873)
Early redemption premium (note e)	26,018	91,524	-	-	-	-	117,542
Repayment (note e)	(2,181,577)	(1,880,670)	-	-	-	-	(4,062,247)
Closing amount as at 30 June	-	-	1,554,172	3,187,291	3,438,178	1,797,279	9,976,920

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

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

12 BORROWINGS *(Continued)*Notes: *(Continued)*(b) Senior Notes *(Continued)*

On 8 January 2013, the Company issued 10.25% senior note due 2020 in an aggregate principal amount of US\$500,000,000 (equivalent to approximately RMB3,142,750,000) at 100% of face value (the "Senior Note January 2013").

On 19 March 2013, the Company issued 8.875% senior note due 2018 in an aggregate principal amount of US\$550,000,000 (equivalent to approximately RMB3,457,025,000) at 100% of face value (the "Senior Note March 2013"). On 13 January 2014, the Company issued additional US\$250,000,000 (equivalent to approximately RMB1,524,225,000) at 101% of face value (the "Senior Note January 2014").

On 22 April 2013, the Company issued 6.875% senior note due 2016 in an aggregate principal amount of RMB1,800,000,000 at 100% of face value (the "Senior Note April 2013").

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

Senior Note 2010, Senior Note 2011, Senior Note 2012, Senior Note January 2013, Senior 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 2010 RMB'000	Senior Note 2011 RMB'000	Senior Note 2012 RMB'000	Senior Note January 2013 RMB'000	Senior Note March 2013 RMB'000	Senior Note April 2013 RMB'000	Senior Note January 2014 RMB'000	Senior Note June 2014 RMB'000
Nominal value	2,389,205	1,944,000	1,581,225	3,142,750	3,457,025	1,800,000	1,524,225	2,460,840
Less: transaction costs	(55,698)	(163,215)	(53,070)	(55,654)	(48,133)	(27,681)	(18,478)	(58,324)
Net proceeds	2,333,507	1,780,785	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.

12 BORROWINGS *(Continued)*Notes: *(Continued)*

(c) Convertible Bonds

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

At the option of bond holders, the aggregate amount of RMB1,500,000,000 will be convertible into fully paid shares with a par value of HK\$0.1 each of the Company. The Convertible Bonds mature in five years (December 2015) from the issue date at 100% of the nominal value or can be converted into ordinary shares of the Company on or after 30 January 2011 at an initial conversion price of HK\$2.82 per share at a fixed exchange rate of RMB1.00 to HK\$1.1656. The conversion price was adjusted downward to HK\$2.64 per share following the payment of a final dividend during the period ended 30 June 2014. In addition, at the option of the Group or the bondholders, all outstanding principal of the Convertible Bonds can be redeemed on 20 December 2013. The Convertible Bonds was partially redeemed on 20 December 2013 and the remaining amount was classified as non-current liabilities.

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

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

The fair value of the liability component included in long-term borrowings was calculated using a market interest rate for an equivalent non-convertible bond. The liability component is subsequently stated at amortised cost until extinguished on conversion or maturity of the bond. The residual amount, representing the value of the equity conversion component, is accounted for as a conversion option reserve included in reserves (note 10).

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

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

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

12 BORROWINGS *(Continued)*Notes: *(Continued)*

- (c) Convertible Bonds *(Continued)*
Movements in Convertible Bonds are analysed as follows:

	Unaudited	
	2014 RMB'000	2013 RMB'000
Six months ended 30 June		
Opening amount as at 1 January	1,377,335	1,324,613
Accrued interest (note 19)	89,158	85,737
Coupon payment	(60,667)	(60,667)
Closing amount as at 30 June	1,405,826	1,349,683

Up to 30 June 2014, there was no conversion and RMB200,000 was redeemed during 2013.

- (d) Other borrowing
On 13 November 2013, the Company entered into an agreement in connection with a US\$200,000,000 (equivalent to approximately RMB1,219,380,000) term loan with an independent third party. The loan bears interest at the rate of 14% per annum, payable on 31 December 2013 for part of the outstanding principal amount and on the final repayment date for the then outstanding principal amount. The borrowing has a final repayment date of 13 November 2014, or 13 November 2015 if mutually agreed between the parties, and is repayable in two installments and in the amounts as follows: (i) on 31 December 2013 (or such other date as mutually agreed between the parties), certain part of the principal amount of loan outstanding; and (ii) on the final repayment date, the principal amount of loan then outstanding. The borrowing was fully repaid subsequently during the period ended 2014. On 15 May 2014, the Company further drew down a term loan of US\$100,000,000 (equivalent to approximately RMB615,210,000) based on the same terms on agreement signed on November 2013. Such amount was fully repaid during the period ended 30 June 2014.

The other borrowing is secured by the pledge of certain shares of the Group's subsidiaries incorporated outside the PRC, and is jointly and severally guaranteed by certain subsidiaries of the Group.

The other borrowing in the balance sheet is calculated as follows:

	Unaudited 2014 RMB'000
Six months ended 30 June	
Opening amount as at 1 January	914,535
Additions	615,210
Repayment	(1,529,745)
Closing amount as at 30 June	-

12 BORROWINGS *(Continued)*Notes: *(Continued)*

(e) Borrowings refinancing

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

On 28 April 2013, the Company redeemed part of the outstanding Senior Note 2010 and Senior Note 2011 at redemption price equal 100% of the principal amount of Senior Note 2010 and Senior Note 2011 thereof which were US\$388,000,000 (equivalent to RMB2,432,333,000), the accrued and unpaid coupon were US\$43,740,000 (equivalent to RMB274,201,000), and the applicable premium to the bondholders were US\$26,190,000 (equivalent to RMB164,182,000).

On 22 May 2013, the Company redeemed the remaining outstanding Senior Note 2010 and Senior Note 2011 at redemption price equal to 100% of the principal amount of the Senior Note 2010 and Senior Note 2011 thereof which was US\$260,000,000 (equivalent to RMB1,629,914,000), the accrued and unpaid coupon were US\$2,340,000 (equivalent to RMB14,669,000), and the applicable premium to the bondholders was US\$17,550,000 (equivalent to RMB110,019,000).

The premium for such redemptions amounting to RMB521,042,000 was recognised in finance costs (note 19) during the period ended 30 June 2013.

(f) The Group's bank borrowings of RMB7,626,110,000 (31 December 2013: RMB5,662,250,000) were jointly secured by certain properties, investment properties, land use rights, properties under development and completed properties held for sales of the Group.

(g) Bank borrowings are guaranteed by:

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Group companies		
– Secured	6,411,110	4,352,250
– Unsecured	6,829,580	4,371,204
	13,240,690	8,723,454

13 AMOUNT DUE TO NON-CONTROLLING INTERESTS OF A SUBSIDIARY

The balance is unsecured, interest free and repayable within two years from the execution of the agreement.

14 ADVANCE PROCEEDS RECEIVED FROM CUSTOMERS

The balances represent advance proceeds received from customers and deposits received. The amount of RMB20,080,813,000 (31 December 2013: RMB16,369,710,000) represents deposits and installments received on properties sold to independent third parties after the issuance of presale certificates by local government authorities.

15 ADVANCE DEPOSITS RECEIVED

The amount of RMB11,041,359,000 (31 December 2013: RMB13,269,230,000) represents deposits received from independent third parties and non-controlling interests of project companies on a number of individual property projects of which the pre-sales certificates have yet to be issued by the respective local government authorities at the time the agreements were entered into and certain project companies of the Group have subsequently received the pre-sales certificates from the respective local government authorities. The balances mainly consist of:

- (1) Deposits of RMB7,668,400,000 (31 December 2013: RMB9,311,951,000) received from thirteen (31 December 2013: sixteen) independent third parties for selling property units of thirteen (31 December 2013: sixteen) different projects at certain discounts on the sale price which will be determined upon purchase. Should the independent third parties do not proceed with the purchase, the deposits are refundable within a specified period of time according to respective agreement. As at 30 June 2014, four independent third parties (31 December 2013: one) decided not to proceed with the purchase and deposits of RMB1,148,200,000 (31 December 2013: RMB300,000,000) were required to be refunded within 9 to 12 months from the dates of cancellation. During the six months ended 30 June 2014, two independent third parties decided to proceed with the purchase.
- (2) Deposits of RMB460,824,000 (31 December 2013: RMB460,824,000) received from an independent third party for selling properties at a predetermined price upon purchases. Should the independent third party does not proceed with the purchase, the deposits are refundable within 3 years from 20 August 2012, the date of deposits received, according to the agreement.
- (3) Deposits of RMB2,912,135,000 (31 December 2013: RMB3,496,455,000) received from five non-controlling interests parties (31 December 2013: three) of five project companies (31 December 2013: three) for selling properties at market price which will be determined upon purchases. Should the non-controlling interests do not proceed with the purchase, the deposits are refundable within a specified period of time according to respective agreement.

16 OTHER PAYABLES AND DEPOSITS

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Other payables, deposits and accruals (note)	2,997,950	1,379,913
Note payables	222,621	204,019
Consideration payables related to purchase of subsidiaries	45,417	118,808
Other taxes payables	117,735	274,725
	3,383,723	1,977,465

Note: The amount included refundable deposits of RMB1,800,000,000 received in 2014 from two independent third parties for potential cooperation on two projects in the PRC. As and when the respective project has not achieved the agreed milestone for future development within the specified period of six months and nine months respectively from the date of signing the cooperation agreements, the respective independent third party has a right to cancel the agreement and the Group has to refund the deposits accordingly.

17 OTHER GAINS – NET

	Unaudited Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Forfeited customer deposits	1,878	2,733
Compensation for termination of proposed development projects	7,037	31,910
Write down of completed properties held for sale	(19,763)	(46,567)
Government subsidy income	27,609	12,434
Loss on disposal of property and equipment	(1,460)	(425)
Others	3,513	1,919
	18,814	2,004

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	
	2014	2013
	RMB'000	RMB'000
Auditor's remuneration	1,300	1,200
Advertising and other promotional costs	277,592	228,786
Agency fee	26,700	24,319
Business taxes (note)	237,681	248,681
Cost of properties sold	3,715,708	4,116,603
Donations	31,030	39,319
Legal and professional fees	26,551	23,786
Depreciation (note 6)	40,320	30,389
Amortisation of land use rights (note 6)	2,884	2,191
Staff costs including directors' emoluments:		
– salaries, wages and staff benefits costs	217,949	184,759
– share option expenses	7,534	33,998
Office expenses	36,046	47,679
Operating lease rental	19,916	15,936
Others	246,148	225,798
	4,887,359	5,223,444

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 INCOME/(COSTS) – NET

	Unaudited Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Finance income		
Imputed interest income on an amount due to non-controlling interests of a subsidiary	159,028	–
Interest income on bank deposits	9,509	12,840
Net exchange gains	–	166,707
	168,537	179,547
Finance costs		
Interest expense:		
– Bank and other borrowings	(474,144)	(435,686)
– Senior Notes (note 12(b))	(558,465)	(582,303)
– Convertible Bonds (note 12(c))	(89,158)	(85,737)
– Senior Secured Guaranteed Bonds	–	(4,991)
– Exchangeable Term Loan	–	(3,256)
Early redemption premium of debts (note 12(e))	–	(521,042)
Total interest expense	(1,121,767)	(1,633,015)
Less: interest capitalised	1,060,913	1,066,057
	(60,854)	(566,958)
Net exchange losses	(79,158)	–
	(140,012)	(566,958)
Finance income/(costs) – net	28,525	(387,411)

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.

Hong Kong profits tax

No Hong Kong profits tax was provided for the six months ended 30 June 2014 and 2013 as the Group has no assessable profits arising in or derived from Hong Kong for the periods.

PRC enterprise income tax

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2013: 25%).

20 INCOME TAX EXPENSES *(Continued)***PRC land appreciation tax**

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

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Current income tax		
– PRC enterprise income tax	668,764	785,822
– PRC land appreciation tax	107,737	16,985
Deferred income tax	(1,877)	(42,989)
	774,624	759,818

21 EARNINGS PER SHARE

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

	Unaudited	
	Six months ended 30 June	
	2014	2013
Profit attributable to equity holders (RMB'000)	1,328,655	1,024,624
Weighted average number of ordinary shares in issue	4,973,700,779	4,909,832,669
Basic earnings per share (RMB)	0.267	0.209

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of RMB1,328,655,000 (2013: RMB1,024,624,000) and the weighted average of 4,973,700,779 (2013: 4,909,832,669) shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary share outstanding to assume conversion of all dilutive potential ordinary shares. For the period ended 30 June 2014 and 2013, the Company has the Convertible Bonds and share options that have dilutive potential ordinary shares.

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

21 EARNINGS PER SHARE *(Continued)*

	Unaudited	
	Six months ended 30 June	
	2014	2013
Profit attributable to equity holders (RMB'000)	1,328,655	1,024,624
Adjustment for finance cost on Convertible Bonds	73,984	85,737
Profit used to determine diluted earnings per shares (RMB'000)	1,402,639	1,110,361
Weighted average number of ordinary shares in issue	4,973,700,779	4,909,832,669
Adjustment for the Convertible Bonds	639,172,341	620,000,000
Adjustment for share options	84,735,226	116,385,795
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	5,697,608,346	5,646,218,464
Diluted earnings per share (RMB)	0.246	0.197

22 DIVIDEND

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

No interim dividend has been declared by the Company for the six months ended 30 June 2014 and 2013.

23 FINANCIAL GUARANTEES CONTRACTS

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

	Unaudited	Audited
	30 June	31 December
	2014	2013
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the property units	12,758,720	9,856,673

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.

23 FINANCIAL GUARANTEES CONTRACTS *(Continued)*

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

Commitments for property development expenditures

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Contracted but not provided for	25,022,748	21,504,675

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

25 ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES**(a) Acquisition of a subsidiary and non-controlling interests**

In February 2014, the Group acquired 100% equity interests of 南京奧信房地產開發有限公司 at a cash consideration of RMB909,000,000 through a public auction. The company did not operate any business prior to the acquisition and only held a piece of land. Therefore, the Group considered this would be an acquisition of assets in substance and as a result the difference between the cash consideration paid and the net assets acquired would be recognised as an adjustment to the carrying value of the land. In June 2014, the Group partially disposed its 4% issued share capital at a consideration of RMB2,000,000 to an independent third party. As such the Group recognized an increase in non-controlling interests of RMB1,856,000 and an increase in capital reserve of RMB144,000 (Note 25(b)).

During the six months ended 30 June 2013, the Group acquired 40% equity interests of Hunan Mingtai Zhiye Development Co., Ltd at a cash consideration of RMB48,000,000. Prior to the acquisition, the Group held 60% equity interest in Hunan Mingtai Zhiye Development Co., Ltd. The company did not operate any business prior to the acquisition and only held a piece of land and properties under development. Therefore, the Group considered this would be an acquisition of assets in substance and as a result the difference between the cash consideration paid and the net assets acquired would be recognised as an adjustment to the carrying value of the land and properties under development.

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

25 ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES *(Continued)***(a) Acquisition of a subsidiary and non-controlling interests** *(Continued)*

The assets and liabilities arising from the acquisition during the six months ended 30 June 2014 are as follows:

	Unaudited At acquisition date RMB'000
Property and equipment	99
Deposits for land acquisition	3,595,046
Debtors, deposits and other receivables	611
Cash and cash equivalents	4,139
Accrued construction costs	(8,661)
Other payables and deposits	(262)
Amount due to an immediate holding company (note)	(3,583,549)
Net assets acquired	7,423
Purchase consideration settled in cash	4,492,549
Cash and bank balances in subsidiaries acquired	(4,139)
Cash outflow on acquisition of the subsidiary (note)	4,488,410
Total purchase consideration: – Cash paid during the period	909,000
Net book value of net assets acquired shown as above	(7,423)
Adjustment to the carrying amount of deposits for land acquisition	901,577

Note: The amount due to an immediate holding company of RMB3,583,549,000 was settled by the Group as part of the purchase consideration during the period ended 30 June 2014. The Group regarded this land acquisition through acquisition of a subsidiary and its related net cash outflow of RMB4,488,410,000 as cash used in operations.

(b) Partial disposal of interests in subsidiaries without loss of control

For the period ended 30 June 2014, the Group partially disposed its issued share capital of certain subsidiaries, at a total consideration of RMB1,998,820,000 to certain independent third parties. As such, the Group recognised an increase in non-controlling interests of RMB1,997,182,000 and an increase in capital reserve of RMB1,638,000.

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

25 ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES *(Continued)***(c) Disposal of interests in subsidiaries**

For the period ended 30 June 2014, the Group disposed its entire interests in certain subsidiaries of the Group. Certain of these subsidiaries solely held prepayments for proposed development projects, properties under development or completed held for sale in the PRC. These companies did not operate any business prior to these disposals. Therefore, the Group regarded these disposals as sales of properties and their related net cash inflow of RMB1,934,195,000 as cash generated from operations.

For the period ended 30 June 2013, the Group disposed its entire interests in certain subsidiaries of the Group. These subsidiaries did not operate any business prior to these disposals. Therefore, the Group regarded these disposals as sales of properties and their related net cash inflow of RMB9,595,000 as cash generated from operations.

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

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

(e) Effect of the changes in ownership interests in subsidiaries without change of control on equity

	Unaudited	
	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Changes in equity attributable to equity holders of the Company arising from:		
– Partial disposal of interests in subsidiaries without loss of control	1,638	59
– Deemed partial disposal of interests in a subsidiary without loss of control	–	1,203
Net effect for changes in ownership interests in subsidiaries without change of control on equity attributable to equity holders of the Company	1,638	1,262

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.

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

	Unaudited			
	30 June 2014		30 June 2013	
	Weighted average exercise price in HK\$ per share	Number	Weighted average exercise price in HK\$ per share	Number
At 1 January	1.747	387,187,000	1.731	467,230,000
Granted during the period	2.61	11,000,000	–	–
Exercised during the period	1.752	(50,783,000)	1.945	(8,385,000)
Forfeited during the period	1.598	(32,944,000)	1.646	(35,676,000)
At 30 June	1.792	314,460,000	1.734	423,169,000

As at 30 June 2014, 128,280,000 (30 June 2013: 125,759,000) outstanding options granted under the Share Option Scheme were exercisable (note).

26 SHARE OPTION *(Continued)*

Share Option Scheme *(Continued)*

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

Exercise period	Exercise price Per share (HK\$)	Number of share options	
		30 June 2014	30 June 2013
10/6/2010-9/6/2015	3.105	8,250,000	8,250,000
30/3/2011-29/3/2016	3.105	8,250,000	8,250,000
24/4/2012-23/4/2017	3.105	8,500,000	8,500,000
23/7/2011-22/7/2020	2.000	12,129,000	22,075,000
23/7/2012-22/7/2020	2.000	13,175,000	23,080,000
23/7/2013-22/7/2020	2.000	13,752,000	24,230,000
23/7/2014-22/7/2020	2.000	19,970,000	24,230,000
23/7/2015-22/7/2020	2.000	19,970,000	24,230,000
6/6/2013-5/6/2022	1.500	20,130,000	55,604,000
6/6/2014-5/6/2022	1.500	44,094,000	56,180,000
6/6/2015-5/6/2022	1.500	45,080,000	56,180,000
6/6/2016-5/6/2022	1.500	45,080,000	56,180,000
6/6/2017-5/6/2022	1.500	45,080,000	56,180,000
21/2/2015-20/2/2024	2.610	2,200,000	-
21/2/2016-20/2/2024	2.610	2,200,000	-
21/2/2017-20/2/2024	2.610	2,200,000	-
21/2/2018-20/2/2024	2.610	2,200,000	-
21/2/2019-20/2/2024	2.610	2,200,000	-
		314,460,000	423,169,000

The Company offered to grant Dr. Tam Lai Ling (the "March 2010 Grant"); and several directors and employees (the "July 2010 Grant") of 25,000,000 and 179,750,000 share options respectively of HK\$0.10 each in the capital of the Company on 23 March 2010 and 23 July 2010 respectively. During 2012, the Company further offered to grant several directors and employees (the "June 2012 Grant") of 326,790,000 shares respectively of HK\$0.10 each in the capital of the Company on 6 June 2012. During six months ended 30 June 2014, the Company offered to grant an employee and a consultant (the "February 2014 Grant") total of 11,000,000 share options of HK\$0.10 each in the capital of the Company on 21 February 2014. The valuation was based on a Binomial Model with the following data and assumptions:

	March 2010 Grant	July 2010 Grant	June 2012 Grant	February 2014 Grant
Fair value under binomial model	HK\$22,355,000	HK\$142,362,000	HK\$198,688,000	HK\$8,514,000
Closing share price at grant date	HK\$2.56	HK\$1.71	HK\$1.39	HK\$2.60
Exercise price	HK\$3.105	HK\$2.00	HK\$1.50	HK\$2.61
Annual risk free interest rate	1.82%-2.33%	2.29%	1.04%	2.30%
Expected option life	5-7 years	10 years	10 years	10 years
Expected divided yield	nil	nil	nil	6.0%

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

The volatility of the share price of the Company was determined based on the movement of the share price during the year of grants. The volatility rates were 45%, 44% and 40% per annum for 2014, 2012 and 2010 respectively.

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

Controlling shareholders

Mr. Kwok Chun Wai and Mr. Kwok Ying Shing

(b) Purchasing of services

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Rental expenses (note)	917	813

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

(c) Key management compensation

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Salaries and other short-term employee benefits	14,531	14,090
Retirement scheme contributions	218	169
Share option benefits	759	12,060
	15,508	26,139

CORPORATE GOVERNANCE

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. For the six months ended 30 June 2014, the Board is of the view that, the Company has complied with the code provisions on the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

CHANGES OF BOARD COMPOSITION AND UPDATED INFORMATION REGARDING THE DIRECTORS

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. Upon the appointment of Ms. Chen Shaohuan as a non-executive director of the Company on 26 December 2013, the Board comprised of 10 directors including six executive directors, one non-executive director and three independent non-executive directors. As a result, the number of independent non-executive directors of the Company fell below one-third of the Board as required under Rule 3.10A of the Listing Rules for the period from 26 December 2013 to 3 April 2014. Upon the resignation of Mr. Chen Gengxian as an executive director on 4 April 2014, the Company has been in compliance with Rule 3.10A of the Listing Rules since then.

Saved for disclosed above, there was no change to any of the information required to be disclosed pursuant to (e) and (g) of Rule 13.51(2) of the Listing Rules.

AUDIT COMMITTEE

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

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the Group's interim report 2014. In addition, the independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim results for the six months ended 30 June 2014 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors. The Company made specific enquiry of all Directors who confirmed that they have complied with the Model Code during the six months ended 30 June 2014.

Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code for six months ended 30 June 2014.

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

Save as disclosed in this report, during the six months ended 30 June 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listing securities.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2014 (30 June 2013: Nil).