SHANGHAI ZENDAI PROPERTY LIMITED
上海証大房地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 755)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

The Board of Directors of Shanghai Zendai Property Limited (the "**Company**") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2016.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME

		Unaudited	
		Six months ended 30 June	
	Note	**2016**	2015
		HK$'000	*HK$'000*
Revenue	*5*	**563,049**	1,157,206
Cost of sales		**(428,005)**	(1,078,439)
Gross profit		**135,044**	78,767
Other income and gains	*6*	**34,595**	27,655
Selling and marketing expenses		**(98,629)**	(56,231)
Administrative expenses		**(261,237)**	(209,881)
Change in fair value of investment properties		**(62,235)**	1,265
Share of results of associates		**(53,720)**	(58,825)
Share of results of joint ventures		**(39,013)**	(81,691)
Finance costs		**(200,304)**	(207,988)
Loss before income tax		**(545,499)**	(506,929)
Income tax credit/(expense)	*7*	**7,294**	(50,743)
Loss for the period		**(538,205)**	(557,672)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME (CONTINUED)

		Unaudited	
		Six months ended 30 June	
	Note	**2016**	2015
		HK$'000	*HK$'000*
Loss for the period attributable to:			
– Owners of the Company		**(492,011)**	(513,033)
– Non-controlling interests		**(46,194)**	(44,639)
		(538,205)	(557,672)
Loss per share			
– Basic	*9*	**HK$(3.31) cents**	HK$(3.45) cents
– Diluted	*9*	**HK$(3.31) cents**	HK$(3.45) cents

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Loss for the period	**(538,205)**	(557,672)
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(34,199)**	(13,241)
Release of exchange differences on disposal of subsidiaries	**(27,513)**	–
Release of other revaluation reserve on disposal of properties for sales held by an associate	**–**	(2,340)
Other comprehensive loss for the period, net of tax	**(61,712)**	(15,581)
Total comprehensive loss for the period	**(599,917)**	(573,253)
Total comprehensive loss for the period attributable to:		
– Owners of the Company	**(549,018)**	(528,568)
– Non-controlling interests	**(50,899)**	(44,685)
Total comprehensive loss for the period	**(599,917)**	(573,253)

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	Unaudited 30 June 2016 HK$'000	Audited 31 December 2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**613,538**	618,109
Investment properties		**2,665,755**	2,719,578
Land use rights		**551,547**	570,663
Goodwill		**–**	35,490
Investment in associates		**75,996**	131,719
Investment in joint ventures		**1,113,982**	1,178,596
Deferred income tax assets		**28,882**	20,273
Available-for-sale financial assets		**62,281**	63,701
Other receivables		**9,383**	–
Pledged bank deposits	*11*	**10,320**	238,806
Total non-current assets		**5,131,684**	5,576,935
Current assets			
Properties under development and completed properties held-for-sale		**9,687,984**	9,250,562
Inventories		**3,386**	3,848
Trade and other receivables	*10*	**543,200**	403,064
Deposits for properties under development		**822,531**	581,494
Amounts due from an associate		**1,024,921**	1,048,960
Amounts due from joint ventures		**1,619,507**	1,522,993
Available-for-sale financial assets		**–**	2,176
Amounts due from minority owners of subsidiaries		**–**	30,090
Pledged bank deposits	*11*	**1,510,424**	939,701
Tax prepayments		**93,527**	90,584
Cash and cash equivalents		**602,829**	1,629,164
		15,908,309	15,502,636
Assets of disposal group classified as held-for-sale		**–**	263,513
Total current assets		**15,908,309**	15,766,149
Total assets		**21,039,993**	21,343,084

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

	Note	Unaudited 30 June 2016 HK$'000	Audited 31 December 2015 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		**297,587**	297,587
Reserves		**2,699,024**	2,739,012
Retained earnings		**904,277**	1,396,288
		3,900,888	4,432,887
Non-controlling interests		**72,749**	216,182
Total equity		**3,973,637**	4,649,069
LIABILITIES			
Non-current liabilities			
Borrowings and loans	*13*	**3,324,378**	5,584,283
Deferred income tax liabilities		**421,551**	450,794
Other payables		**185,455**	191,322
Amount due to minority owners of subsidiaries		**–**	829,214
Total non-current liabilities		**3,931,384**	7,055,613
Current liabilities			
Trade, notes and other payables	*12*	**925,866**	1,072,188
Receipts in advance from customers		**2,935,145**	1,140,506
Amounts due to joint ventures		**872,021**	1,156,769
Amounts due to minority owners of subsidiaries		**697,837**	104,645
Tax payables		**414,329**	455,727
Borrowings and loans	*13*	**7,289,774**	5,667,208
		13,134,972	9,597,043
Liabilities of disposal group classified as held-for-sale		**–**	41,359
Total current liabilities		**13,134,972**	9,638,402
Total liabilities		**17,066,356**	16,694,015
Total equity and liabilities		**21,039,993**	21,343,084

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Shanghai Zendai Property Limited (the "Company") is a public limited company incorporated in Bermuda. Its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited ("Stock Exchange"). Its registered office is at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and its principal place of business is at 59/F, Bank of China Tower, 1 Garden Road, Hong Kong.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in property development, property investment and provision of property management and hotel operation. The Company and all its subsidiaries are referred as the Group. The Group has operations mainly in the People's Republic of China (the "PRC").

The condensed consolidated interim financial information is presented in Hong Kong dollars ("HK$"), unless otherwise stated. The condensed consolidated interim financial information was approved for issue on 25 August 2016 by the Board of Directors.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2016 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 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2.1 Going-concern basis

The Group meets its day-to-day working capital requirements through its operation sales and bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and to obtain additional finance for its existing and committed investment projects in the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial information. Further information on the Group's borrowings is given in Note 13.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements, except for the adoption of amendments to HKFRS effective for the financial year ending 31 December 2016.

(a) Amendments to HKFRS effective for the financial year ending 31 December 2016 are not expected to have a material impact on the Group.

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

(b) Impact of standards issued but not yet applied by the entity

- HKFRS 9 Financial instruments addresses the classification, measurement and recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard does not need to be applied until 1 January 2018 but is available for early adoption. The Group is currently assessing whether it should adopt HKFRS 9 before its mandatory date.

  While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, 'trade and other receivables', 'cash and cash equivalents' and 'restricted bank deposits' would appear to satisfy the conditions for classification as at amortised costs and hence there will be no change to the accounting for these assets. Accordingly the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

  There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

  The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income (FVOCI), contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in earlier recognition of credit losses.

  The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

3 ACCOUNTING POLICIES (CONTINUED)

(b) Impact of standards issued but not yet applied by the entity (Continued)

- HKFRS 15 Revenue from contracts with customers has been issued by the Hong Kong Institute of Certified Public Accountants as a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts.

  The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

  The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018, and will allow early adoption.

  At this stage, the Group is not able to estimate the effect of the new rules on the Group's financial statements. The Group will make more detailed assessments of the effect over the next twelve months. The Group does not expect to adopt the new standard before 1 January 2018.

- HKFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces HKAS 17 'Leases', and related interpretations. An entity shall apply HKFRS 16 for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to the entity adopting HKFRS 15 'Revenue from contracts with customers' at the same time.

  Management is currently assessing the effects of applying the new standard on the Group's financial statements. The Group does not expect to adopt the new standard before 1 January 2019.

4 ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the internal reports reviewed by the Board, being the major body in making operation decisions, for assessing the operating performance and resources allocation.

The Board considers the business primarily on the basis of the types of goods and services supplied by the Group. The Group is currently mainly organised into three operating segments which comprise (i) sales of properties; (ii) properties rental, management and agency services; and (iii) hotel operations.

The Board assesses the performance of the operating segments based on a measure of adjusted profit or loss before income tax. Certain income and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the Board for assessment of segment performance.

Total segment assets mainly exclude pledged bank deposits and head office and corporate assets, all of which are managed on a centralised basis.

5 SEGMENT INFORMATION (CONTINUED)

Total segment liabilities mainly exclude unallocated borrowings and loans and unallocated head office and corporate liabilities, all of which are managed on a centralised basis.

Transactions between segments are carried out at arm's length. The revenue from external parties reported to the Board is measured in a manner consistent with that in the consolidated income statement.

The following table presents financial information regarding the Group's operating segments for the six months ended 30 June 2016 and 2015 respectively.

	Unaudited				
	Sales of properties *HK$'000*	**Properties rental, management and agency services** *HK$'000*	**Hotel operations** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Six months ended 30 June 2016					
Total segment revenue	**289,649**	**181,571**	**95,204**	**–**	**566,424**
Inter-segment revenue	**–**	**(3,375)**	**–**	**–**	**(3,375)**
Revenue from external customers	**289,649**	**178,196**	**95,204**	**–**	**563,049**
(Loss)/profit before income tax	**(284,969)**	**15,811**	**(45,014)**	**–**	**(314,172)**
Six months ended 30 June 2015					
Total segment revenue	869,968	198,699	90,730	2,156	1,161,553
Inter-segment revenue	–	(4,347)	–	–	(4,347)
Revenue from external customers	869,968	194,352	90,730	2,156	1,157,206
(Loss)/profit before income tax	(247,921)	37,339	(50,310)	(337)	(261,229)

5 SEGMENT INFORMATION (CONTINUED)

	Sales of properties *HK$'000*	Properties rental, management and agency services *HK$'000*	Hotel operations *HK$'000*	Others *HK$'000*	Total *HK$'000*
As at 30 June 2016 (Unaudited)					
Total segment assets	**15,175,744**	**3,245,104**	**1,022,291**	**–**	**19,443,139**
Total segment assets include:					
Additions to non-current assets (a)	**35,675**	**8,712**	**–**	**–**	**44,387**
Investment in associates	**51,644**	**–**	**24,352**	**–**	**75,996**
Investment in joint ventures	**1,112,984**	**998**	**–**	**–**	**1,113,982**
Total segment liabilities	**14,844,906**	**293,903**	**44,467**	**–**	**15,183,276**
As at 31 December 2015 (Audited)					
Total segment assets	15,755,482	3,227,671	1,097,313	155	20,080,621
Total segment assets include:					
Additions to non-current assets (a)	2,597	6,613	83	–	9,293
Investment in associates	56,067	–	75,652	–	131,719
Investment in joint ventures	1,165,776	12,820	–	–	1,178,596
Total segment liabilities	14,415,530	333,921	50,526	550	14,800,527

(a) Amounts comprise additions to investment properties, property, plant and equipment and land use rights.

A reconciliation of reportable segments loss before income tax is provided as follows:

	Unaudited Six months ended 30 June 2016 *HK$'000*	2015 *HK$'000*
Loss before income tax for reportable segments	**(314,172)**	(261,229)
Unallocated bank interest income	**12**	20
Dividend income from available-for-sale financial assets	**4,455**	2,750
Finance costs	**(200,304)**	(203,166)
Unallocated head office and corporate expenses	**(23,846)**	(45,304)
Share-based-payments	**(11,644)**	–
Loss before income tax	**(545,499)**	(506,929)

5 SEGMENT INFORMATION (CONTINUED)

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Unaudited As at 30 June 2016	Audited As at 31 December 2015
	HK$'000	*HK$'000*
Total reportable segments' assets		
Reportable segment assets	**19,443,139**	20,080,621
Pledged bank deposits	**1,520,744**	1,178,507
Head office and corporate assets	**76,110**	83,956
Total assets	**21,039,993**	21,343,084
Total reportable segments' liabilities		
Reportable segment liabilities	**15,183,276**	14,800,527
Borrowings and loans	**1,855,893**	1,876,669
Unallocated head office and corporate liabilities	**27,187**	16,819
Total liabilities	**17,066,356**	16,694,015

The Group's operations are principally located in the PRC.

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments and deferred income tax assets ("specified non-current assets").

	Revenue from external customers		**Specified non-current assets**	
	Six months ended 30 June		**As at 30 June**	As at 31 December
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
PRC	**533,625**	1,138,188	**4,894,862**	5,129,781
Others	**29,424**	19,018	**125,956**	124,374
Total	**563,049**	1,157,206	**5,020,818**	5,254,155

6 OTHER INCOME AND GAINS

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Bank interest income	**11,698**	13,305
Gain on disposal of subsidiaries	**8,879**	502
Dividend income from available-for-sale financial assets	**4,455**	2,750
Rental income (a)	**3,098**	2,905
Government grant	**1,537**	–
Interest income from entrusted loans receivables	**–**	5,381
Interest income from other receivables	**–**	2,146
Loss on disposal of investment properties	**–**	(2,679)
Other gains	**4,928**	3,345
	34,595	27,655

(a) Rental income was derived from leases of certain office units included in properties for sales, which the Group intends to sell.

7 INCOME TAX EXPENSE

Majority of the Group entities are subjected to the PRC enterprise income tax, which has been provided for based on the statutory income tax rate of 25% of the assessable income of each of these Group entities for the six months ended 30 June 2016 and 2015. Other companies are subjected to rates of taxation prevailing in the countries in which the Group operates respectively.

In accordance with the Land Appreciation Tax Law of the PRC, Land Appreciation Tax is levied at the properties developed by the Group for sale in the PRC. Land Appreciation Tax is charged on the appreciated amount at progressive rates ranged from 30% to 60%.

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Current income tax:		
– PRC enterprise income tax expense/(credit)	**4,249**	(5,643)
– PRC land appreciation tax	**18,606**	75,785
Deferred income tax	**(30,149)**	(19,399)
	(7,294)	50,743

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the six months ended 30 June 2016 and 2015.

8 DIVIDEND

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

9 LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the Group's loss for the period attributable to owners of the Company of approximately HK$492,011,000 (loss for the six months ended 30 June 2015: HK$513,033,000) and weighted average number of 14,879,352,000 (six months ended 30 June 2015: 14,879,352,000) ordinary shares in issue during the period.

Assumed exercise of share options have not been included in the computation of diluted loss per share as they are anti-dilutive during the six months ended 30 June 2016. There was no assumed exercise of share options during the six months ended 30 June 2015.

10 TRADE AND OTHER RECEIVABLES

The Group generally grants no credit period to its customers on sales of properties, except for certain significant transactions where credit terms or settlement schedules are negotiated on an individual basis. A credit period ranging from 30 to 90 days is granted to customers in hotel services.

Included in trade and other receivables of the Group are trade receivables of HK$33,347,000 (31 December 2015: HK$26,363,000). The aging analysis of trade receivables based on the date of services provided at the end of reporting period is as follows:

	As at 30 June 2016 *HK$'000* **(Unaudited)**	As at 31 December 2015 *HK$'000* (Audited)
Less than 1 month	**21,246**	17,366
1 to 3 months	**3,845**	2,118
More than 3 months but less than 12 months	**2,104**	4,482
More than 12 months	**6,152**	2,397
	33,347	26,363

11 PLEDGED BANK DEPOSITS

The Group's pledged bank deposits represents deposits pledged to banks to secure certain borrowings and loans granted to the Group. The pledged bank deposits carry interest ranging from 1.60% to 7.20% per annum (31 December 2015: ranging from 1.60% to 3.30% per annum).

12 TRADE, NOTES AND OTHER PAYABLES

Included in trade, notes and other payables of the Group are trade and notes payables of HK$471,686,000 (31 December 2015: HK$677,113,000). The aging analysis of trade and notes payables based on date of services/ goods received at the end of reporting period is as follows:

	As at 30 June 2016 *HK$'000* **(Unaudited)**	As at 31 December 2015 *HK$'000* (Audited)
Current or less than 1 month	**140,215**	392,367
1 to 3 months	**39,961**	84,438
More than 3 months but less than 12 months	**132,508**	124,856
More than 12 months	**147,340**	47,471
	460,024	649,132
Retention money	**11,662**	27,981
	471,686	677,113

The trade payables mainly represented accrued construction costs payable to contractors and the amounts will be paid upon the completion of cost verification process between the Group and the contractors.

13 BORROWINGS AND LOANS

	As at 30 June 2016 *HK$'000* **(Unaudited)**	As at 31 December 2015 *HK$'000* (Audited)
Non-current	**3,324,378**	5,584,283
Current	**7,289,774**	5,667,208
	10,614,152	11,251,491

Movements in borrowings are analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2016 *HK$'000*	2015 *HK$'000*
At the beginning of the period	**11,251,491**	7,887,864
Proceeds of new borrowings	**1,898,331**	4,197,474
Repayments of borrowings	**(2,290,981)**	(2,074,310)
Borrowings classified as held-for-sale	**–**	(459,145)
Exchange differences	**(244,689)**	27,182
At the end of the period	**10,614,152**	9,579,065

14 FINANCIAL GUARANTEES

The Group had the following financial guarantees as at 30 June 2016 and 31 December 2015:

	As at 30 June 2016 *HK\$'000* **(Unaudited)**	As at 31 December 2015 *HK\$'000* (Audited)
Guarantees in respect of mortgage facilities for certain purchasers	**170,373**	208,413

As at 30 June 2016 and 31 December 2015, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by the respective purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the property purchasers obtain the "property title certificate" which is then to be pledged with the banks.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The board of directors (the "Directors") of Shanghai Zendai Property Limited (the "Company" or "Shanghai Zendai") hereby announces the interim results of the Company and its subsidiaries (collectively the "Group") for the period ended 30 June 2016 (the "period" or "period under review").

During the period under review, the new projects acquired by the Group from 2012 to 2014 were launched continuously for pre-sale and are expected to be delivered to buyers in 2017. Therefore, the turnover for the period was mainly attributable to the sales and delivery of pre-existing properties.

During the period under review, turnover of the Group amounted to approximately HK$563,049,000, representing a substantial decrease of 51% against approximately HK$1,157,206,000 for the same period in 2015. The turnover of the Group during the period under review was mainly attributed to:

- Hotel operation, rental and property management income

- Income for delivery of residential properties in Haimen and Xizhen

Loss attributable to shareholders of the Company (the "Shareholders") was approximately HK$492,011,000, a decrease of 4% as compared with the same period of last year (loss for the same period of last year: HK$513,033,000). Basic loss per share of the Company (the "Share") was HK$3.31 cents (basic loss per share for the same period in 2015: HK$3.45 cents). Gross profit increased despite of the substantial decrease of turnover of the Group for the period. The reason was that the provision provided for diminution in value of properties under development and adjustment of costs decreased HK$93,161,000 as compared with the same period of last year.

Business Review

During the period under review, Shanghai Zendai continued to focus on, among others, Shanghai and Nanjing as key development areas, and consolidated the development strategy of "extensively developing in areas of the first and second tier cities, while gradually withdrawing its business from the third and fourth tier cities", enriched existing product lines and brands, and focused on the deeply development of residential and commercial real estate projects.

During the period, the Group mainly focused on the development of the projects in Nanjing, in order to fully capitalise on the local market demand, and launched "Himalaya Center" project and "Riverside Thumb Plaza" project in Nanjing into the market for pre-sale in a timely manner. Meanwhile, the Group completed the transaction of 465 units of a residential project in Xuanwu District, Nanjing in the first half of 2016 and planned to launch into the market for sale in the second half of this year. These projects are important drivers of the Group's future turnover growth.

In the meantime, the Group continued to gradually withdraw its business from the third and fourth tier cities. In January 2016, the Group entered into an agreement to transfer the land project in Jingyue Economic Development Zone, Changchun City, Jilin Province. The transaction was completed in February 2016, thereby further realising the Group's deployment according to the its strategic plan.

Commercial Property Projects in China

Shanghai

Shanghai Zendai Thumb Plaza

Shanghai Zendai Thumb Plaza (the "Plaza") is an integrated commercial complex in a prime location near Shanghai's Century Park and the Lujiazui financial district. As at 30 June 2016, the Group still owned 40,333 square metres of commercial space and 430 underground car-parking spaces in the Plaza. As at 30 June 2016, more than 95% of the commercial space in the Plaza had been leased. Rental income recognised during the period was approximately RMB26,302,000 (equivalent to approximately HK$31,249,000).

Radisson Blu Hotel Pudong Century Park

The Group's five-star Radisson Blu Hotel Pudong Century Park is located in the Plaza. The 18-storey hotel boasts a gross floor area of 31,530 square metres and 361 guest rooms, a four-storey ancillary building and one level of basement. It is managed under the "Radisson Blu" brand by Carlson Companies. During the first half of 2016, the average occupancy rate of the hotel was 69%, and total income of the hotel reached approximately RMB55,820,000 (equivalent to approximately HK$66,318,000), representing an increase of 6% as compared with the same period of last year.

Shanghai Himalayas Center

The Group's 45%-owned Shanghai Zendai Himalayas Center is located in the heart of Pudong, Shanghai. Designed by Arata Isozaki, an internationally acclaimed architect, it is a landmark within the Pudong New District. The Zendai Himalayas Center is an amalgam of the Jumeirah Himalayas Hotel Shanghai, shopping centre and other auxiliary facilities (comprising the DaGuan Theatre and the Himalayas Art Museum). The project occupies a site area of 28,893 square metres with a total gross floor area of approximately 162,207 square metres (including underground car-parking space of 26,287 square metres).

The Jumeirah Himalayas Hotel Shanghai, a luxury five-star hotel managed by the Jumeirah Hotel Group from Dubai, is the Jumeirah Hotel Group's first hotel in Asia Pacific. The hotel boasts a gross floor area of 60,452 square metres, providing 393 guest rooms. Enjoying a favourable location, the hotel is adjacent to the Shanghai New International Expo Center which connects with No. 7 metro line and is within walking distance to the maglev station. The average occupancy rate of the hotel during the period under review was 68%, generating a total income of approximately RMB98,712,000 (equivalent to approximately HK$117,277,000), representing an increase of 5% as compared with the same period last year. The high quality environment and service of the Jumeirah Himalayas Hotel Shanghai won acclaims across the industry. In 2016, the hotel was rated as the Best Artistic Hotel by Hurun Best of the Best Awards, named as the Leading Hotel in Asia by World Travel Awards, rated as the Best Hotel SPA by "City Weekly", voted the Best Wedding Hotel by "Weekend on the Go" and honored the Best Hotel Design Award in the Ctrip Reputation Standings.

During the period under review, around 59% of the commercial space of the shopping centre in the Zendai Himalayas Center with a leasable area of 23,362 square metres was leased, generating a rental income of approximately RMB12,312,000 (equivalent to approximately HK$14,628,000).

Nanjing

Nanjing Himalayas Center

The Group is planning to develop the G15 land parcel in a prime location around Nanjing South Train Station into Himalayas Center with a site area of approximately 93,526 square metres and an expected total gross floor area of approximately 622,588 square metres. This is the Group's key development project in Nanjing, marking an important advance in the Group's implementation of "Himalayas Integrated Commercial Projects". The project will be developed in three phases.

The first phase of the project has a gross floor area of approximately 186,737 square metres, including 56,772 square metres of service apartments, 4,801 square metres of commercial space, 37,117 square metres of office building, 21,776 square metres of hotel and 66,271 square metres of underground car-park. The first phase with a total saleable area of 92,227 square metres, including 53,998 square metres of service apartments, 3,189 square metres of commercial space and 35,040 square metres of office building, commenced pre-sale in April 2015. During the period under review, total saleable areas of service apartments, commercial space and office building of 16,611 square metres, 46 square metres and 12,537 square metres were sold respectively, generating a total contract value of RMB306,407,000 (equivalent to approximately HK$364,033,000), RMB1,920,000 (equivalent to approximately HK$2,281,000) and RMB201,893,000 (equivalent to approximately HK$239,863,000) respectively. As at 30 June 2016, total areas of 31,147 square metres, 3,189 square metres and 18,852 square metres of service apartments, commercial space and office building had been sold respectively, generating a total contract value of RMB564,069,000 (equivalent to approximately HK$684,110,000), RMB126,222,000 (equivalent to approximately HK$156,693,000) and RMB304,818,000 (equivalent to approximately HK$367,720,000) respectively. The top up work of the hotel has been completed and the specific program for decoration and design is now in progress.

The second phase of the project, covering a gross floor area of approximately 208,220 square metres, is intended to be developed into service apartments, a commercial complex, commercial streets and office buildings, including 52,248 square metres of service apartments, 22,347 square metres of commercial space, 50,211 square metres of office building and 83,414 square metres of underground car-park. Construction of the second phase commenced in the third quarter of 2014 and it is expected to start selling in the second half of 2016.

The third phase of the project, covering a gross floor area of approximately 227,631 square metres, is intended to be developed into service apartments, a commercial complex and office buildings, including 13,195 square metres of service apartments, 86,334 square metres of commercial space, 57,100 square metres of office building and 71,002 square metres of underground car-park. Construction of the third phase commenced in the third quarter of 2015 and it is expected to start selling in the first half of 2017.

The First Phase of "Riverside Thumb Plaza" in Nanjing

The Group owns a parcel of land located at the west of Rehe Road and the north of Zhongshan Bei Road, Gulou District, Nanjing, Jiangsu Province. The land with a site area of approximately 13,220 square metres is planned to be developed into an integrated complex comprising apartments and commercial space with a gross floor area of approximately 84,770 square metres, including 78,548 square metres of apartments and 6,222 square metres of commercial space. Construction of the project commenced in June 2014 and pre-sale started in December 2015, with a total saleable area of 80,690 square metres, comprising 77,433 square metres of apartments and 3,257 square metres of commercial space. During the period under review, total saleable areas of 53,013 square metres and 996 square metres of apartments and commercial space were sold respectively, generating a total contract value of RMB1,350,144,000 (equivalent to approximately HK$1,604,068,000) and RMB47,909,000 (equivalent to approximately HK$56,919,000). As at 30 June 2016, total areas of 76,753 square metres and 996 square metres of apartments and commercial space had been sold respectively, generating a total contract value of RMB1,911,707,000 (equivalent to approximately HK$2,301,662,000) and RMB47,909,000 (equivalent to approximately HK$56,919,000) respectively.

The Second Phase of "Riverside Thumb Plaza" in Nanjing

The Group owns another parcel of land located at the west of Rehe Road and the north of Zhongshan Bei Road, Gulou District, Nanjing, Jiangsu Province. The land with a site area of approximately 26,318 square metres is planned to be developed into an integrated complex comprising apartments and commercial space with a gross floor area of approximately 164,277 square metres, including 153,140 square metres of apartments and 11,137 square metres of commercial space. Construction of the project commenced in March 2015 and pre-sale is expected to begin in August 2016.

The Third Phase of "Riverside Thumb Plaza" in Nanjing

The Group owns another parcel of land located at the west of Rehe Road and the north of Zhongshan Bei Road, Gulou District, Nanjing, Jiangsu Province. The land with a site area of approximately 15,234 square metres is planned to be developed into an integrated complex comprising offices and commercial space with a gross floor area of approximately 89,031 square metres, including 78,063 square metres of offices and 10,968 square metres of commercial space. Construction of the project commenced already and pre-sale is expected to begin in the first half of 2017.

Other Cities

Qingdao Zendai Thumb Plaza

Qingdao Zendai Thumb Plaza is located in the central business area, Haier Road in Qingdao City, Shandong Province, the PRC. The project has a site area of approximately 38,092 square metres with a total gross floor area occupying approximately 213,059 square metres. It includes retail shops (68,129 square metres), a hotel (29,593 square metres), service apartments (70,066 square metres) and a car-park (45,271 square metres).

During the period under review, a total saleable area of service apartments of 1,563 square metres was sold, generating a total contract value of RMB20,045,000 (equivalent to approximately HK$23,815,000). During the period, an area of 1,368 square metres was delivered and a total contract value of RMB18,007,000 (equivalent to approximately HK$21,394,000) was recognised as turnover. As at 30 June 2016, a total saleable area of 55,025 square metres had been sold, generating a contract value of RMB811,352,000 (equivalent to approximately HK$1,006,805,000).

As at 30 June 2016, around 91% of the commercial space (leasable area of which was 50,242 square metres) was leased, generating a rental income of RMB16,393,000 (equivalent to approximately HK$19,477,000) during the period.

Himalayas Qingdao Hotel, located in the Qingdao Zendai Thumb Plaza, is managed by the Group's own hotel management company under the Group's "Himalayas" brand. The average occupancy rate of the hotel during the period was 55%, generating a total income of RMB20,323,000 (equivalent to approximately HK$24,145,000).

Zendai Nantong Yicheng Thumb Plaza

Zendai Nantong Yicheng Thumb Plaza has a total site area of 281,912 square metres. Shanghai Zendai owns 50% interest in the land parcel and is to assume a leading role in the management of the project. Due to its prime location, the project has been included in the "Key Cultural Industry Projects in Nantong City" and "Key Development Projects in Chongchuan District". The project occupies a total gross floor area of approximately 279,076 square metres (including car-parking space and ancillary facilities of 77,143 square metres).

Construction of the project is divided into three phases. The first phase is a leasable commercial space with a gross floor area of approximately 38,737 square metres, of which 77% had been leased as at 30 June 2016. The second phase is an ancillary residential project with a total gross floor area of approximately 73,944 square metres. As at 30 June 2016, a total saleable area of 68,016 square metres (including 39,389 square metres of multi-storey apartments, 26,390 square metres of town houses and 2,237 square metres of detached houses) of the residential project had been sold, generating a total contract value of RMB780,351,000 (equivalent to approximately HK$968,885,000), of which areas of 502 square metres of multi-storey apartments and 281 square metres of town houses were sold respectively during the period, generating a total contract value of RMB4,266,000 (equivalent to approximately HK$5,068,000) and RMB4,866,000 (equivalent to approximately HK$5,781,000). During the period under review, an area of 4,562 squares metres of residential properties (including 4,332 square metres of multi-storey apartments and 230 square metres of town houses) was delivered, generating a total contract value of RMB41,106,000 (equivalent to approximately HK$48,836,000). The third phase is to cover a total area of approximately 142,909 square metres (with an underground area of 53,150 square metres), comprising a commercial area of 60,979 square metres (with an underground area of 21,000 square metres) in Phase 2 of Old Town, and a commercial area of 14,967 square metres and residential area of approximately 66,963 square metres (with an underground area of 32,150 square metres) in Old Town, New Port. The construction of Old Town, New Port commenced in May 2014 with the main structure finished topping as at the end of June 2016, and is expected to be completed in the middle of 2017. The construction of Phase 2 of Old Town currently has not commenced yet.

Yangzhou Commercial Project

The Group has an integrated project for commercial, cultural, leisure and entertainment use in the heart of Yangzhou City, the construction of which has completed, including 12 blocks and 243 units with a gross floor area of approximately 20,089 square metres. As at 30 June 2016, the remaining area of 17,881 square metres was used for rental purposes. The occupancy rate of commercial spaces was approximately 79%, generating a rental income of RMB4,457,000 (equivalent to approximately HK$5,295,000) for the period.

Project in Chenmai County, Hainan Province

The Group owns 60% interest in a parcel of land in Chenmai County, Hainan Province with a site area of 1,309,563 square metres. The land is intended to be developed into a leisure-related commercial and residential property, including hotels, villas and other related facilities.

A Parcel of Land in Jingyue Economic Development Zone, Changchun City, Jilin Province

The Group was planning to develop a parcel of land in Changchun City, Jilin Province into a commercial property comprising retail shops, offices and service apartments. The project, with a site area of approximately 17,354 square metres, will comprise a total gross floor area of approximately 119,351 square metres, including 8,467 square metres of commercial space, 87,679 square metres of office space and 23,205 square metres of an underground car-park. The project was transferred to other party pursuant to an agreement signed by the Group in January 2016 and the transaction was completed in February 2016.

Residential Projects in China

Shanghai

Zendai Xizhen Thumb Plaza

The Group owns a parcel of land with an area of approximately 140,099 square metres in the tourist district of Zhujiajiao Town, Qingpu District, Shanghai. It is to be developed as Zendai Xizhen Thumb Plaza comprising mid-range to high-end residential properties, retail shops, resort villas and resort hotel in two phases, with a total gross floor area of approximately 169,003 square metres.

Phase I has a gross floor area of approximately 98,478 square metres, which will be comprised of residential properties (40,945 square metres) and commercial areas (57,533 square metres). The Group intends to recruit tenants for the commercial areas, including large international cinemas, mid-range to high-end restaurants and supermarkets. During the period under review, a total residential saleable areas of 168 square metres were sold, generating a total contract value of RMB3,058,000 (equivalent to approximately HK$3,633,000). Residential areas of 312 square metres were delivered during the period and a total contract value of RMB5,201,000 (equivalent to approximately HK$6,179,000) was recognised as turnover. As at 30 June 2016, total residential and commercial saleable areas of 19,015 square metres and 11,995 square metres had been sold respectively, generating a total contract value of RMB344,717,000 (equivalent to approximately HK$536,678,000) and RMB313,054,000 (equivalent to approximately HK$388,887,000) respectively.

Construction of Phase II with a gross floor area of approximately 70,525 square metres commenced in the fourth quarter of 2013, with resort villas (46,155 square metres) and a resort hotel (24,370 square metres) to be erected. The construction of the resort hotel has currently been suspended due to change of planning. Resort villas was completed in April 2016 and started pre-sale in November 2014. Total saleable areas of 3,102 square metres were sold during the period under review, generating a total contract value of RMB51,110,000 (equivalent to approximately HK$60,722,000). Residential areas of 5,027 square metres were delivered during the period and a total contract value of RMB93,413,000 (equivalent to approximately HK$110,981,000) was recognised as turnover. As at 30 June 2016, a saleable area of 27,526 square metres had been sold, generating a total contract value of RMB435,189,000 (equivalent to approximately HK$537,839,000).

Nanjing

Imperial Lake International Project in Xuanwu District

On 17 November 2015, a wholly-owned subsidiary of the Group participated an auction organised by a court for asset disposal and won the bid, pursuant to which the Group acquired 465 residential units in Xuanwu District, Nanjing, Jiangsu Province, the PRC at a consideration of RMB343,580,000 (equivalent to approximately HK$410,245,000). The transaction was completed in the first half of 2016. The project of the 465 residential units, which are completed units with a total saleable area of 26,306 square metres, is expected to launch for sale in the second half of 2016 and delivery in first half of 2017.

Other Cities

“Zendai Garden-Riverside Town” in Haimen

The “Zendai Garden-Riverside Town” project in Haimen, Jiangsu Province comprises two parcels of land occupying a total site area of 1,389,021 square metres.

The first parcel is to be developed in two parts.

“Dong Zhou Mansion”, the first part of the first parcel, is being developed in two phases with Phase I offering 52 villas which were all sold out. Phase II of the “Dong Zhou Mansion” is to be developed into 94 villas with a total gross floor area of approximately 82,202 square metres, the construction of which already commenced in February 2014 and pre-sale permit is expected to be obtained on the second half of 2016, and is expected to be completed in 2017.

“Multiflora Garden”, the second part of the first parcel, is being developed in three phases into an integrated residential area comprising low density town houses. Phases I and II offer a total of 212 units with a saleable area of approximately 57,232 square metres which were all sold out. As at 30 June 2016, an area of 4,523 square metres remained undelivered. Phase III has a saleable area of approximately 91,817 square metres. As at 30 June 2016, a total saleable area of 70,724 square metres had been sold, generating a total contract value of RMB428,255,000 (equivalent to approximately HK$529,449,000). During the period, a total saleable area of approximately 8,892 square metres was sold, generating a total contract value of RMB46,987,000 (equivalent to approximately HK$55,824,000). During the period, an area of 6,439 square metres was delivered and a total contract value of RMB35,742,000 (equivalent to approximately HK$42,464,000) was recognised as turnover in the period.

The second parcel of land is being developed into residential properties and ancillary commercial space in phases.

The first phase, Qinghua Garden Ecological Houses, occupies a site area of approximately 42,070 square metres with a saleable area of approximately 56,169 square metres. As at 30 June 2016, a cumulative area of 50,256 square metres had been sold, generating a total contract value of RMB225,301,000 (equivalent to approximately HK$279,848,000). An area of 172 square metres was sold during the period, generating a total contract value of RMB540,000 (equivalent to approximately HK$642,000). During the period under review, an area of 414 square metres was delivered and a total contract value of RMB1,664,000 (equivalent to approximately HK$1,977,000) was recognised as turnover.

The Phase II, Shui Qing Mu Hua Garden, with a site area of 157,717 square metres, is to be developed into small high-rise residential properties with ancillary commercial space in two sections with a saleable area of approximately 194,088 square metres. The first section offers a saleable area of 81,394 square metres. As at 30 June 2016, an area of 69,329 square metres had been sold, generating a total contract value of RMB315,297,000 (equivalent to approximately HK$390,375,000). During the period, an area of 6,212 square metres was sold, generating a total contract value of RMB23,984,000 (equivalent to approximately HK$28,495,000). An area of 12,391 square metres involving a contract value of RMB56,605,000 (equivalent to approximately HK$67,250,000) was delivered. The second section offers a saleable area of approximately 112,694 square metres, which will be developed by stages, the pre-sale permit of the first stage was obtained in July 2015, while the whole second stage will be completed in 2018.

The Phase III, named as Spanish Exotic Street with a site area of 760 square metres, has been developed into a commercial plaza with a saleable area of 1,164 square metres.

The Phase IV, named as "Thumb Plaza" with a site area of 18,919 square metres, is to be developed into a commercial plaza with a total gross floor area of 45,514 square metres, the construction of which commenced in April 2012 and was completed in the second half of 2015.

A parcel of Land in Yantai Development Zone

The Group and 煙台開發區宏遠物業有限公司 (Yantai Hong Yuan Property Company Limited*) entered into a cooperation agreement to develop "Yantai Thumb Project" located at E-9 District, Yantai Development Zone, Yantai, Shandong Province, pursuant to which Shanghai Zendai holds 70% equity interests in the "Yantai Thumb Project". The project occupies an area of 26,476 square metres and is still under planning stage.

Land Parcels in Inner Mongolia Autonomous Region

The Group owns two parcels of land in Dongsheng Kangbashi New Area, Ordos City, Inner Mongolia Autonomous Region, the PRC, with a total site area of 248,118 square metres. The two land parcels are intended to be developed into villas in phases with a planned saleable area of 122,890 square metres. The project was suspended due to the changes of market conditions.

Overseas projects

Residential project in New Zealand

Top Harbour Limited, a company incorporated in New Zealand and in which the Group holds 45% equity interests, owns a parcel of land in Whangaparaoa Peninsula, Auckland, New Zealand with an area of approximately 320,000 square metres. The site is about 25 kilometres away from downtown Auckland and is intended to be developed as high-end residential development. The Group entered into an agreement in November 2014 to sell all equity interests in the project company. Completion of the transaction is subject to the approval and consent by the Overseas Investment Office of New Zealand and is expected to take place in the first half of 2017.

Modderfontein New City Smart City Project in Johannesburg, South Africa

The Group has a real estate development project located in Johannesburg, South Africa. The project is favourably located in Modderfontein, which is situated between Sandton and OR Tambo International Airport in Johannesburg, comprising certain land parcels and buildings with an area of approximately 1,600 hectares. The Modderfontein project will be developed into a new central city in Johannesburg, comprising nine major function areas, namely central business district, international convention and exhibition centre, international residential community, trade logistics parks, light industrial parks, recreation centre, pension and retirement community, integrated education area and sports centre.

During the period, the Group spent a lot of effort on the development of the land parcels located at Longlake of approximately 2,906,000 square metres (the "Longlake Project"). The Longlake Project will be developed in phases and comprises of saleable land area of approximately 1,542,000 square metres for residential, commercial and industrial uses.

PROSPECTS

In recent years, with the continuous promotion of adjustments and upgrades in the Chinese economic structure, the ability and willingness to consume have been rapidly increasing and China's real estate market has gained impetus for a steady warming up. With the introduction of real estate macro-control policies including reducing bank reserve requirements, replacing the business tax with a value-added tax, cutting both business and deed taxes, reducing down payments in cities not subject to home purchase restrictions and raising deposit rate for housing provident fund, the effect of destocking activities has been consolidated and China's real estate market as a whole is expected to maintain a steady and healthy development under such momentum.

Shanghai Zendai will further consolidate its development strategy through active advances in Shanghai and Nanjing as the representatives of first and second tier cities with development potential to optimize the land bank structure while continuing to gradually withdraw from the third and fourth tier cities and appropriately releasing foreign assets. On the product strategy front, the Group is committed to build exquisite brand projects adhering to a consistent quality brand strategy. For commercial operation, the Group will steadily improve the occupancy rate of assets and explore room for rent increase to keep operating costs in control.

The Group will also continue to map out an in-depth strategy for the lots in Nanjing, intensively developing and promoting "Nanjing Himalayas Center" and "Nanjing Riverside Thumb Plaza" in addition to the layout of 465 residential projects in Nanjing's Xuanwu District. Utilizing the geographical and planning advantages of the three major projects, enhancing the attractiveness and radiation of the projects will serve as a locomotive for growing the Group's revenue and improving business conditions.

The management remains cautiously optimistic on the long-term prospects of the industry. Leveraging the resources, management experiences and competitive advantages of Shanghai Zendai accumulated over the years, the management will intensively create new room for growth among existing projects and actively explore the development of large-scale high-quality urban complex projects in China's major cities.

Liquidity, Financial Resources, Capital Structure, Funding Policy and Gearing

As at 30 June 2016, the Group had a healthy financial position with net assets value of HK$3,974 million (31 December 2015: HK$4,649 million). Net current assets amounted to approximately HK$2,773 million (31 December 2015: approximately HK6,128 million) with current ratio decreased from 1.64 times at 31 December 2015 to approximately 1.21 times at 30 June 2016. The Group funds its operations through cash generated from its operations and bank facilities. The Group adopted a relatively prudent funding policy and closely monitored its cash flow. As at 30 June 2016, the Group had consolidated borrowings and loans payable of approximately HK$10,614 million in which HK$7,290 million was repayable within one year and HK$3,324 million was repayable more than one year. As at 30 June 2016, borrowings of the amount of HK$6,573,272,000 bear interest at fixed interest rates ranging from 2.5% to 12% per annum. As at 30 June 2016, the Group's bank balances and cash including pledged bank deposits were approximately HK$2,124 million. The gearing ratio of the Group increased from 2.42 times as at 31 December 2015 to 2.45 times as at 30 June 2016 (basis: total of amounts due to related companies, bank loans and other borrowings divided by Shareholders' funds).

Segment Information

Sales of properties

The turnover of this segment for the period amounted to HK$289,649,000 (2015: HK$869,968,000). The decrease of turnover was due to the substantial decrease of properties delivered.

Property rental, management and agency services

The turnover of this segment for the period was approximately HK$178,196,000 (2015: HK$194,352,000). The decrease was due to depreciation of RMB when translated to HK$. Turnover remain stable overall if the depreciation effect is excluded.

Hotel Operations

The turnover of this segment for the period was HK$95,204,000 (2015: HK$90,730,000). The increase was due to the higher occupancy rate of Himalayas Qingdao Hotel.

Foreign Currency Exposures

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group's cash and cash equivalents are also exposed to such foreign currency risk. Cash and cash equivalents held by the Group as at 30 June 2016 were mainly denominated in RMB, USD, ZAR and HK$. Bank borrowings of the Group as at 30 June 2016 are mainly denominated in USD and RMB. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

Employees

As at 30 June 2016, the Group employed approximately 1,846 employees (2015: 2,075 employees) in Hong Kong, South Africa and the PRC. They were remunerated according to the nature of the job and market conditions. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, insurance and medical insurance and share option scheme. During the reporting period, the Company regularly arranges in-house trainings for Directors and senior management staff in the form of seminar and reading materials.

MAJOR ACQUISITION OF ASSETS

On 12 August and 24 August 2015, the Group entered into an equity transfer agreement and a supplementary agreement respectively (collectively, the "**Agreements**") to acquire the equity interest of 6 companies (the "**Target Companies**") which holds 6 parcels of land in Gulou District, Nanjing (the "**Acquisitions**"). The aggregate site area of the land parcels was approximately 110,489 square metres and the total consideration for the Acquisitions was RMB4,513,609,000 (equivalent to approximately HK$5,389,384,000). Details of the Acquisitions were disclosed in the Company's announcement dated 25 August 2015.

Pursuant to the Agreements, in the event that the delivery confirmations and land title certificates of the land parcels cannot be obtained by the Target Companies within one year after 12 August 2015 (or such other date as the parties may agree in writing), the Agreements shall terminate. As at the date of this announcement, the delivery confirmations and land title certificates have not been fully obtained and the Acquisitions by the Group have not been completed. The Group is now negotiating with the vendor to sign another supplementary agreement for the delivery of the delivery confirmations and land certificates.

CONTINGENT LIABILITIES

Please refer to page 15 of this announcement in relation to the details of Financial Guarantees. In the opinion of the directors, the fair value of guarantee contracts is insignificant at initial recognition.

Charge of Assets

As at 30 June 2016, the carrying amounts of following assets of the Group were pledged to secure the credit facilities granted to the Group, the carrying amount of the assets were analysed below:

	HK$'000
Property, plant and equipment	558,415
Land use rights	551,547
Investment properties	2,339,482
Properties under development and completed properties held-for-sale	3,228,930
Pledged bank deposits	1,520,744
	8,199,118

REVIEW OF INTERIM FINANCIAL STATEMENTS

The interim results for the six months ended 30 June 2016 are unaudited, but have been reviewed 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, by the Company's auditor, whose independent review report will be included in the 2016 Interim Report of the Company. The Company's interim results for the six-month period ended 30 June 2016 has also been reviewed by the audit committee of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code of conduct regarding securities transactions by the Directors. The Company confirms that, having made specific enquiry of all Directors, all Directors have complied with the required standards as set out in the Model Code for the six months ended 30 June 2016.

CORPORATE GOVERNANCE

The Company has adopted the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (the "CG Code") as its own code of corporate governance and has taken careful measures to ensure that the provisions have been duly complied with from time to time. The directors of the Company are of the opinion that the Company has met the code provisions in the CG Code during the the six-month period ended 30 June 2016 except the deviations as stipulated below.

Under the code provision A.6.7 of the CG Code, independent non-executive Directors and other non-executive Directors should attend general meetings of the Company. Due to personal commitments, the following directors did not attend the meetings:

Mr. Xu Xiaoliang (who retired as a non-executive Director on 23 June 2016), Mr. Gong Ping and Dr. Xu Changsheng did not attend the annual general meeting of the Company held on 23 June 2016.

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

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER REPORTING PERIOD

As disclosed in the Company's announcement dated 26 January 2016, on 25 January 2016, Smart Success Capital Limited signed a purchase and sale agreement in relation to the sale of 4,462,317,519 shares of the Company, representing 29.99% of the issued shares of the Company, to 冉盛置業發展有限公司 (Riswein Real Estate Development Co. Ltd.*) and 北京中青旅置業有限公司 (Beijing CYTS Real Estate Co. Ltd.*). As at the date of this announcement, the transaction has not yet been completed. As further disclosed in the Company's announcement dated 25 July 2016, the parties to the agreement are negotiating a second supplementary agreement (with an effective date of 22 July 2016) for the further extension of the long stop date for the closing of the agreement.

Please also refer to page 26 of this announcement in relation to the updated status of the Group's Acquisition of Target Companies in Nanjing.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.zendaifc.com). The 2016 Interim Report of the Company containing the information required by the Listing Rules will be dispatched to the shareholders and made available on the same websites in due course.

By order of the board
Shanghai Zendai Property Limited
Li Li Hua
Executive Director

Hong Kong, 25 August 2016

As at the date of this announcement, the executive Directors are Mr. Zhang Chenguang, Mr. Zhong Guoxing, Dr. Wang Hao and Ms. Li Li Hua. The non-executive Directors are Mr. Gong Ping and Mr. Pan Wen. The independent non-executive Directors are Mr. Lai Chik Fan, Mr. Li Man Wai, Mr. Chow, Alexander Yue Nong and Dr. Xu Changsheng.

* *for identification purpose only*