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**CIFI Holdings (Group) Co. Ltd.**  
**旭輝控股(集團)有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 00884)**

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

**2016 INTERIM RESULTS HIGHLIGHTS**

- Contracted sales increased by 162.8% to RMB27,592 million
- Recognized revenue increased by 79.9% to RMB8,744 million
- Core net profit increased by 52.2% to RMB948 million
- Gross profit margin and core net profit margin at 27.1% and 10.8% respectively
- Declared interim dividend of RMB3.42 cents (or equivalent to HK4 cents) per share
- Healthy net debt-to-equity ratio of 57.4%, abundant cash on hand of RMB16.6 billion as at 30 June 2016
- Weighted average cost of indebtedness decreased to 5.8% as at 30 June 2016

## INTERIM RESULTS

The Board of Directors (the “Board”) of CIFI Holdings (Group) Co., Ltd. (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2016 (the “Relevant Period”) with comparative figures for the preceding financial year as follows:

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

For the six months ended 30 June 2016

|   | NOTES | Six months ended 30 June       |                                |
|---|-------|--------------------------------|--------------------------------|
|   |       | 2016<br>RMB'000<br>(unaudited) | 2015<br>RMB'000<br>(unaudited) |
| <b>Revenue</b>  | 3     | <b>8,744,121</b>               | 4,860,250                      |
| Cost of sales and services                                  |       | <b>(6,377,396)</b>             | (3,813,336)                    |
| <b>Gross profit</b>   |       | <b>2,366,725</b>               | 1,046,914                      |
| Other income, gains and losses                              | 4     | <b>(127,572)</b>               | 306,143                        |
| Change in fair value of investment properties               |       | <b>(66,108)</b>                | 327,672                        |
| Selling and marketing expenses                              |       | <b>(217,837)</b>               | (113,610)                      |
| Administrative expenses                                     |       | <b>(314,619)</b>               | (214,953)                      |
| Share of results of joint ventures                          |       | <b>261,124</b>                 | 55,537                         |
| Share of results of associates                              |       | <b>(21,629)</b>                | (2,564)                        |
| Finance costs   | 5     | <b>(108,190)</b>               | (96,515)                       |
| <b>Profit before taxation</b>                               |       | <b>1,771,894</b>               | 1,308,624                      |
| <b>Income tax expense</b>                                   | 6     | <b>(722,508)</b>               | (397,004)                      |
| <b>Profit and total comprehensive income for the period</b> | 7     | <b>1,049,386</b>               | 911,620                        |
| Attributable to:  |       |                                |                                |
| Equity owners of the Company                                |       | <b>838,480</b>                 | 802,334                        |
| Owners of perpetual capital instruments                     |       | –                              | 38,030                         |
| Other non-controlling interests                             |       | <b>210,906</b>                 | 71,256                         |
|   |       | <b>210,906</b>                 | 109,286                        |
| Profit and total comprehensive income for the period        |       | <b>1,049,386</b>               | 911,620                        |
| <b>Earnings per share, in RMB cents:</b>                    |       |                                |                                |
| <b>Basic</b>  | 9     | <b>12.6</b>                    | 13.0                           |
| <b>Diluted</b>  | 9     | <b>12.6</b>                    | 13.0                           |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

|   | <i>NOTES</i> | At<br>30 June<br>2016<br><i>RMB'000</i><br>(unaudited) | At<br>31 December<br>2015<br><i>RMB'000</i><br>(audited) |
|---|--------------|--|--|
| <b>NON-CURRENT ASSETS</b>                                 |              |  |  |
| Investment properties                                     |              | 5,782,400  | 5,842,300  |
| Property, plant and equipment                             |              | 53,864   | 48,604   |
| Prepaid lease payments                                    |              | 32,742   | 32,742   |
| Interests in associates                                   |              | 606,491  | 588,620  |
| Interests in joint ventures                               |              | 7,033,056  | 7,109,797  |
| Available-for-sale investment                             |              | 398,711  | 54,023   |
| Derivative financial instruments                          |              | 61,687   | –  |
| Deferred taxation assets                                  |              | 308,272  | 286,753  |
|   |              | <b>14,277,223</b>                                      | <b>13,962,839</b>  |
| <b>CURRENT ASSETS</b>                                     |              |  |  |
| Properties held for sale                                  |              | 7,393,408  | 6,917,170  |
| Properties under development for sale                     |              | 22,029,167   | 20,167,382   |
| Accounts and other receivables, deposits and prepayments  | 10           | 7,944,960  | 5,711,469  |
| Amounts due from non-controlling interests                |              | 927,371  | 831,339  |
| Amounts due from joint ventures and associates            |              | 3,379,551  | 2,593,242  |
| Deposits for land use rights for properties held for sale |              | 1,158,855  | 1,818,236  |
| Taxation recoverable                                      |              | 761,161  | 544,851  |
| Pledged bank deposits                                     |              | 31,500   | 31,500   |
| Bank balances and cash                                    |              | 16,538,823   | 14,873,736   |
|   |              | <b>60,164,796</b>                                      | <b>53,488,925</b>  |
| <b>CURRENT LIABILITIES</b>                                |              |  |  |
| Accounts payables and accrued charges                     | 11           | 6,517,042  | 7,319,089  |
| Deposits received from property sales                     |              | 14,439,984   | 10,396,275   |
| Amounts due to non-controlling interests                  |              | 253,605  | 995,208  |
| Amounts due to joint ventures and associates              |              | 9,536,114  | 6,895,062  |
| Taxation payable  |              | 1,231,821  | 1,334,245  |
| Bank and other borrowings – due within one year           |              | 1,260,969  | 2,793,500  |
| Corporate bonds   |              | 2,033,188  | –  |
|   |              | <b>35,272,723</b>                                      | <b>29,733,379</b>  |
| <b>NET CURRENT ASSETS</b>                                 |              | <b>24,892,073</b>                                      | <b>23,755,546</b>  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>              |              | <b>39,169,296</b>                                      | <b>37,718,385</b>  |

|  | At<br>30 June<br>2016<br><i>RMB'000</i><br>(unaudited) | At<br>31 December<br>2015<br><i>RMB'000</i><br>(audited) |
|--|--|--|
| <b>CAPITAL AND RESERVES</b>                            |  |  |
| Share capital  | 539,575  | 537,157  |
| Reserves   | <u>12,505,959</u>                                      | <u>12,289,940</u>  |
| Equity attributable to equity owners of<br>the Company | <u>13,045,534</u>                                      | <u>12,827,097</u>  |
| Non-controlling interests                              | <u>2,595,483</u>                                       | <u>2,456,065</u>   |
| <b>TOTAL EQUITY</b>                                    | <u>15,641,017</u>                                      | <u>15,283,162</u>  |
| <b>NON-CURRENT LIABILITIES</b>                         |  |  |
| Bank and other borrowings – due after<br>one year      | 12,863,153   | 8,864,403  |
| Senior notes   | 5,289,753  | 8,275,958  |
| Corporate bonds  | 4,122,853  | 4,021,032  |
| Deferred taxation liabilities                          | <u>1,252,520</u>                                       | <u>1,273,830</u>   |
|  | <u>23,528,279</u>                                      | <u>22,435,223</u>  |
|  | <u>39,169,296</u>                                      | <u>37,718,385</u>  |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 1. BASIS OF PRESENTATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) *Interim Financial Reporting* issued by the International Accounting Standards Board (the “IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following new or revised International Financial Reporting Standards (“IFRSs”) issued by the IASB that are relevant for the preparation of the Group’s condensed consolidated financial statements.

|   |  |
|---|--|
| IFRS 14                                   | Regulatory Deferral Accounts   |
| Amendments to IFRS 11                     | Accounting for Acquisitions of Interests in Joint Operations         |
| Amendments to IAS 1                       | Disclosure Initiative  |
| Amendments to IAS 16 and IAS 38           | Clarification of Acceptable Methods of Depreciation and Amortisation |
| Amendments to IFRSs                       | Annual Improvements to IFRSs 2012-2014 Cycle                         |
| Amendments to IFRS 10, IFRS 12 and IAS 28 | Investment Entities: Applying the Consolidation Exception            |

The application of the new or revised IFRSs in current period has had no material effect on the results and the financial position of the Group.

In the current interim period, the Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

|                                  |  |
|----------------------------------|--|
| IFRS 9                           | Financial Instruments <sup>1</sup>   |
| IFRS 15                          | Revenue from Contracts with Customers <sup>1</sup>   |
| IFRS 16                          | Leases <sup>3</sup>  |
| Amendments to IFRS 15            | Clarifications to IFRS 15 Revenue from Contracts with Customers <sup>1</sup>                       |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup> |
| Amendments to IAS 7              | Disclosure Initiative <sup>6</sup>   |
| Amendments to IAS 12             | Recognition of Deferred Tax Assets for Unrealised Losses <sup>4</sup>                              |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017

Except as described below, the directors of the Company anticipate that the application of the new standards and revised amendments to IFRSs will have no material impact on the results and financial position of the Group.

### 3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segments.

#### (a) Segment revenue and profit

|   | Property<br>development<br><i>RMB'000</i> | Property<br>investment<br><i>RMB'000</i> | Property<br>management,<br>project<br>management<br>and other<br>related<br>services<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|---|---|--|--|-------------------------|
| <b>Six months ended 30 June 2016</b>                  |   |  |  |                         |
| Reportable segment revenue<br>from external customers | <u>7,985,162</u>                          | <u>17,487</u>                            | <u>741,472</u>   | <u>8,744,121</u>        |
| Reportable segment profit                             | <u>1,794,776</u>                          | <u>14,982</u>                            | <u>280,128</u>   | <u>2,089,886</u>        |
|   | Property<br>development<br><i>RMB'000</i> | Property<br>investment<br><i>RMB'000</i> | Property<br>management,<br>project<br>management<br>and other<br>related<br>services<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
| <b>Six months ended 30 June 2015</b>                  |   |  |  |                         |
| Reportable segment revenue<br>from external customers | <u>4,536,289</u>                          | <u>20,228</u>                            | <u>303,733</u>   | <u>4,860,250</u>        |
| Reportable segment profit                             | <u>788,538</u>                            | <u>14,703</u>                            | <u>130,063</u>   | <u>933,304</u>          |

#### (b) Segment assets and liabilities

No assets and liabilities are included in the measures of the Group's segment reporting that are used by the chief operating decision maker. Accordingly, no segment assets and liabilities are presented.

(c) **Reconciliations of reportable segment revenue and profit**

|  | <b>Six months ended 30 June</b> |                    |
|--|---------------------------------|--------------------|
|  | <b>2016</b>                     | <b>2015</b>        |
|  | <b>RMB'000</b>                  | <b>RMB'000</b>     |
|  | <b>(unaudited)</b>              | <b>(unaudited)</b> |
| <b>Revenue</b>                                 |                                 |                    |
| Reportable segment and consolidated revenue    | <b>8,744,121</b>                | <b>4,860,250</b>   |
| <b>Profit</b>                                  |                                 |                    |
| Reportable segment profit                      | <b>2,089,886</b>                | 933,304            |
| Other income, gains and losses                 | <b>(127,572)</b>                | 306,143            |
| Change in fair value of investment properties  | <b>(66,108)</b>                 | 327,672            |
| Finance costs                                  | <b>(108,190)</b>                | (96,515)           |
| Share of results of joint ventures             | <b>261,124</b>                  | 55,537             |
| Share of results of associates                 | <b>(21,629)</b>                 | (2,564)            |
| Depreciation of property, plant and equipment  | <b>(8,242)</b>                  | (6,919)            |
| Write-back of (allowance for) doubtful debts   | <b>415</b>                      | (509)              |
| Unallocated head office and corporate expenses | <b>(247,790)</b>                | (207,525)          |
| Consolidated profit before taxation            | <b>1,771,894</b>                | <b>1,308,624</b>   |

**4. OTHER INCOME, GAINS AND LOSSES**

|  | <b>Six months ended 30 June</b> |                    |
|--|---------------------------------|--------------------|
|  | <b>2016</b>                     | <b>2015</b>        |
|  | <b>RMB'000</b>                  | <b>RMB'000</b>     |
|  | <b>(unaudited)</b>              | <b>(unaudited)</b> |
| Interest income  | <b>68,293</b>                   | 44,065             |
| Gain on remeasurement                                    | <b>38,283</b>                   | 88,135             |
| Gain from business combinations                          | <b>33,867</b>                   | 76,770             |
| (Loss) gain on disposal of subsidiaries                  | <b>(211)</b>                    | 69,288             |
| Government grants  | <b>3,560</b>                    | 29,016             |
| Forfeited deposits paid by purchasers                    | <b>2,912</b>                    | 4,944              |
| Dividend income from available-for-sale investment       | <b>–</b>                        | 3,528              |
| (Loss) gain on disposal of property, plant and equipment | <b>(6)</b>                      | 144                |
| Loss on early redemption of senior notes                 | <b>(182,263)</b>                | –                  |
| Change in fair value of derivative financial instrument  | <b>61,687</b>                   | –                  |
| Net exchange loss  | <b>(163,867)</b>                | (12,834)           |
| Sundry income  | <b>10,173</b>                   | 3,087              |
|  | <b>(127,572)</b>                | <b>306,143</b>     |

## 5. FINANCE COSTS

|  | <b>Six months ended 30 June</b> |                        |
|--|---------------------------------|------------------------|
|  | <b>2016</b>                     | <b>2015</b>            |
|  | <b>RMB'000</b>                  | <b>RMB'000</b>         |
|  | <b>(unaudited)</b>              | <b>(unaudited)</b>     |
| Interest on bank and other borrowings and amounts due to non-controlling interests                             | <b>(385,201)</b>                | (380,999)              |
| Interest expense on senior notes and corporate bonds   | <b>(475,725)</b>                | (322,748)              |
| Less: Amount capitalized to properties under development for sale and investment properties under construction | <b>752,736</b>                  | 607,232                |
|  | <b><u>(108,190)</u></b>         | <b><u>(96,515)</u></b> |

Borrowing costs capitalized to properties under development for sale and investment properties under construction were determined by the contracted interest rates of respective bank and other borrowings and senior notes and corporate bonds.

## 6. INCOME TAX EXPENSE

|   | <b>Six months ended 30 June</b> |                         |
|---|---------------------------------|-------------------------|
|   | <b>2016</b>                     | <b>2015</b>             |
|   | <b>RMB'000</b>                  | <b>RMB'000</b>          |
|   | <b>(unaudited)</b>              | <b>(unaudited)</b>      |
| Current tax in the People's Republic of China (the "PRC") |                                 |                         |
| PRC enterprise income tax                                 | <b>(485,536)</b>                | (181,751)               |
| Land appreciation tax                                     | <b>(305,322)</b>                | (196,014)               |
|   | <b><u>(790,858)</u></b>         | <b><u>(377,765)</u></b> |
| Deferred taxation   | <b>68,350</b>                   | (19,239)                |
|   | <b><u>(722,508)</u></b>         | <b><u>(397,004)</u></b> |

No provision for Hong Kong Profits Tax has been made as the Group does not have income which arises in, or is derived from, Hong Kong.

Under the Law of Enterprise Income Tax and Implementation Rules of the PRC, the statutory tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

As approved by various competent tax bureaux, certain PRC subsidiaries are subject to statutory tax rate of 25% on their respective deemed taxable income, ranging from 8% to 10% of revenue in accordance with the prescribed tax calculation method pursuant to the applicable PRC tax regulations.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.



## 7. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

|   | Six months ended 30 June              |                                       |
|---|---------------------------------------|---------------------------------------|
|   | 2016<br><i>RMB'000</i><br>(unaudited) | 2015<br><i>RMB'000</i><br>(unaudited) |
| Profit and total comprehensive income for the period<br>has been arrived at after charging (crediting): |                                       |                                       |
| Cost of properties sold included in cost of sales and services  | 6,276,464                             | 3,715,369                             |
| Depreciation of property, plant and equipment   | 8,242                                 | 6,919                                 |
| (Write-back of) allowance for doubtful debts  | (415)                                 | 509                                   |
| Operating lease rentals in respect of land and buildings  | <u>20,344</u>                         | <u>13,719</u>                         |

## 8. DIVIDEND

|  | Six months ended 30 June              |                                       |
|--|---------------------------------------|---------------------------------------|
|  | 2016<br><i>RMB'000</i><br>(unaudited) | 2015<br><i>RMB'000</i><br>(unaudited) |
| Dividend recognized as distribution during the period:   |                                       |                                       |
| Final dividend paid in respect of financial year ended<br>31 December 2015 of RMB9.35 cents (equivalent to<br>HK11 cents) (2014: HK 11 cents) per ordinary share | <u>620,937</u>                        | <u>524,572</u>                        |
| Dividends declared as distribution during the period:  |                                       |                                       |
| Cash   | <u>229,414</u>                        | <u>168,562</u>                        |

The Board declared the payment of an interim dividend of RMB3.42 cents (equivalent to HK4 cents) (six months ended 30 June 2015: HK3 cents) per ordinary share for the six months ended 30 June 2016.

On 31 May 2016, a final dividend of RMB9.35 cents (equivalent to HK11 cents) per ordinary share, which included scrip dividend alternative offered to shareholders to elect receiving the final dividend by allotment of new shares in lieu of cash, were paid to shareholders as the final dividend in respect of the financial year ended 31 December 2015. The scrip dividend alternative was accepted by shareholders as follows:

|                            | Six months ended 30 June              |                                       |
|----------------------------|---------------------------------------|---------------------------------------|
|                            | 2016<br><i>RMB'000</i><br>(unaudited) | 2015<br><i>RMB'000</i><br>(unaudited) |
| Dividends                  |                                       |                                       |
| Cash                       | 561,113                               | 287,604                               |
| Scrip dividend alternative | <u>59,824</u>                         | <u>236,968</u>                        |
|                            | <u>620,937</u>                        | <u>524,572</u>                        |

## 9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

|  | <b>Six months ended 30 June</b> |             |
|--|---------------------------------|-------------|
|  | <b>2016</b>                     | 2015        |
|  | <b>RMB'000</b>                  | RMB'000     |
|  | <b>(unaudited)</b>              | (unaudited) |
| <b>Earnings</b>  |                                 |             |
| Earnings for the purposes of basic and diluted earnings per share<br>(profit for the period attributable to owners of the Company) | <b>838,480</b>                  | 802,334     |
|  | <b>6,674,468</b>                | 6,169,083   |
|  | <b>156</b>                      | 185         |
|  | <b>6,674,624</b>                | 6,169,268   |
|  | <b>6,674,624</b>                | 6,169,268   |

## 10. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables mainly arise from sales of properties and rental income. Considerations in respect of properties sold are paid in accordance with the terms of the related sales and purchase agreements, normally with a range of 60 days to 180 days from the date of agreement. Rental income is paid by tenants within two months in accordance to tenancy agreement.

The following is an aging analysis of trade receivables, based on the date of agreement and net of allowance, at the end of the reporting period:

|                | <b>At</b>          | At          |
|----------------|--------------------|-------------|
|                | <b>30 June</b>     | 31 December |
|                | <b>2016</b>        | 2015        |
|                | <b>RMB'000</b>     | RMB'000     |
|                | <b>(unaudited)</b> | (audited)   |
| Within 60 days | <b>728,674</b>     | 1,495,225   |
| 61–180 days    | <b>597,919</b>     | 75,177      |
| 181–365 days   | <b>393,228</b>     | 321,883     |
| 1–3 years      | <b>147,526</b>     | 153,652     |
| Over 3 years   | <b>5,069</b>       | 2,226       |
|                | <b>1,872,416</b>   | 2,048,163   |

## 11. ACCOUNTS PAYABLES AND ACCRUED CHARGES

The following is an aging analysis of trade payables, based on the invoice date, at the end of the reporting period:

|                | At<br>30 June<br>2016<br><i>RMB'000</i><br>(unaudited) | At<br>31 December<br>2015<br><i>RMB'000</i><br>(audited) |
|----------------|--|--|
| Within 60 days | 1,956,048  | 2,047,752  |
| 61–180 days    | 628,409  | 473,606  |
| 181–365 days   | 379,028  | 757,571  |
| 1–2 years      | 216,937  | 510,802  |
| 2–3 years      | 95,093   | 66,438   |
| Over 3 years   | 104,523  | 48,921   |
|                | <u>3,380,038</u>                                       | <u>3,905,090</u>   |

## **CHAIRMAN'S STATEMENT**

Dear shareholders:

I am pleased to present to you the business review of the Group for the six months ended 30 June 2016, and outlook for the second half of 2016.

### **Interim Dividend**

The Board declared payment of an interim dividend for the six months ended 30 June 2016 of RMB3.42 cents per share (or equivalent to HK 4 cents per share based on the average middle rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the five business days preceding the date of declaration of such dividend). Based on the total number of issued shares of the Company as at the date of this announcement, the interim dividend for the six months ended 30 June 2016 amounts to approximately HK\$268.3 million (approximately RMB229.4 million).

### **Interim Results**

For the six months ended 30 June 2016, the Group achieved contracted sales of RMB27.59 billion, representing a year-on-year increase of 162.8% over RMB10.52 billion in the corresponding period in 2015. During the period, the Group's attributable contracted sales amounted to RMB15.26 billion representing a year-on-year increase of 116.3% over RMB7.09 billion in the corresponding period in 2015.

Recognized revenue was RMB8,744.1 million, for the six months ended 30 June 2016, representing a year-on-year increase of 79.9% over RMB4,860.3 million in the corresponding period in 2015.

The Group's net profit attributable to equity owners increased by 4.5% to RMB838.5 million for the six months ended 30 June 2016 from RMB802.3 million in the corresponding period in 2015. The Group's core net profit attributable to equity owners increased by 52.3% to approximately RMB948.1 million for the six months ended 30 June 2016 from RMB622.6 million in the corresponding period in 2015.

The Group's reported gross profit margin and core net profit margin were 27.1% and 10.8% respectively for the six months ended 30 June 2016.

## **Review of the first half of 2016**

### *Market review*

In the first half of 2016, China's real estate market sustained its surges in both overall transaction volume and price. According to the China National Bureau of Statistics, during the first half of 2016, transaction volume of commodity housing was 643 million sq.m., a year-on-year increase of 27.9%; while sales of commodity properties housing were RMB4.87 trillion, rising by 42.1% on a year-on-year basis. Real estate prices increased enormously in three first-tier cities (Beijing, Shanghai and Shenzhen) and in strong-performing second-tier cities (most notably Suzhou, Nanjing and Hefei). Land market in these first-tier and strong second-tier cities continued to sizzle, generating frequent "land kings" (means record-breaking high land price transactions).

In the first half of 2016, GDP growth in China further slowed down to 6.7%. As China braces for an "L-shaped" economic trend, the Chinese government adopted differentiated real estate control and stimulus policies in different cities, with the main theme of stabilizing property prices and continued inventory clearance. In Shanghai and Shenzhen, the government tightened home purchase and mortgage restrictions. In Suzhou, Nanjing and Hefei, real estate control policies were relatively mild and limited to price controls on property pre-sale and land sale, and mortgage tightening. Other than these control measures, generally across the nation, the government policies continued to adopt loose monetary policies and introduce stimulus initiatives to further encourage new real estate investment to stimulate the economy.

### *Sales performance*

Due to its appropriate mix and abundant supply of saleable resources in strong performing first- and second-tier cities, the Group achieved overwhelming growth in contracted sales during the period. During the first half of 2016, the Group's contracted sales and contracted gross floor area ("GFA") reached RMB27,592 million and 1,491,100 sq.m. respectively, representing strong year-on-year growth of 162.8% and 77.4% respectively. The Group's contracted average selling price ("ASP") in the first half of 2016 was approximately RMB18,504/sq.m., substantially increased from RMB12,519/sq.m. in the corresponding period in 2015. Over 97% of the Group's contracted sales in the first half of 2016 were derived from first-and second-tier cities. The Group achieved a cash collection ratio of over 95% from contracted sales during the first half of 2016.

The Group's contracted sales in the first half of 2016 were dispersed among over 50 projects in 14 cities. During the period, the Group launched pre-sale of nine new projects, including:

- Beijing CIFI No. 26 Block
- Beijing Vanke World
- Suzhou North Star CIFI No. 1 Courtyard
- Hangzhou CIFI Times City
- Nanjing North Star CIFI Park Mansion Jinling
- Chongqing Dongyuan CIFI Jiangshan Yue
- Hefei CIFI Ronchamp Courtyard
- Hefei CIFI Lake Betsuin
- Shenyang CIFI Jin Court

The Group also continued to record contracted sales in other projects the pre-sale of which started in previous year(s). The Group expects to launch presales of at least 11 more new projects in the second half of 2016 contributing additional saleable resources.

CIFI was ranked 17th nationally in terms of contracted sales amount in the first half of 2016 according to the "China Real Estate Enterprises Top 100 Sales Ranking in the First Half of 2016" jointly published by China Real Estate Information Corporation, China Real Estate Appraisal Center and CRIC Research Center.

#### *Profit margins*

The Group's gross profit margin improved significantly to 27.1% for the six months ended 30 June 2016, compared to 24.1% (adjusted for the accounting effects due to increase of equity interests in certain projects) for the corresponding period last year, a result of higher profitability for products delivered, defensive land costs, lower finance cost as well as product premium achieved through improving quality and brand.

The Group's core net profit margin was 10.8% for the six months ended 30 June 2016, compared to 12.8% for the corresponding period of last year. The lower core net profit margin recorded in the six months ended 30 June 2016 was merely due to higher upfront payment of selling and marketing expenses incurred due to massive increase in contracted but unrecognized sales. We are fully confident that once the contracted sales become recognized, the core net profit margin for the full year of 2016 will show significant improvement.

### *Land acquisitions*

While the land markets showed signs of overheating in the first- and strong second-tier cities which performed strongly since last year, we have generally been cautious in land acquisitions. Our land acquisition spending compared to our contracted sales in the first half of 2016 reduced significantly compared to last year, reflecting our land-banking philosophy of “be cautious when the market is irrational”. In 2016, we successfully entered Ningbo and Foshan, strengthening our presence in the Yangtze River Delta and the Pearl River Delta.

In the first half of 2016, the Group acquired interests in 12 new projects with an aggregate land consideration attributable to the Group of RMB4.6 billion. For land acquisitions made during the period, the Group avoided cities with signs of overheating while placed strong emphasis on laggard second-tier cities with great re-rating potentials such as Wuhan, Hangzhou, Tianjin and Hefei. Other than the traditional land sources from government public auctions and tenders, the Group increasingly utilized private acquisitions of existing land projects from developers or land owners.

As always, we have followed our systematic, disciplined and prudent approach for landbanking and we continued to seek cooperation with a wide range of joint venture partners for land acquisitions or urban village transformations.

### *Liability management*

In the first half of 2016, we further lowered our funding costs and improved our liability structure by utilizing lower-cost funding to replace higher-cost debts. The Group made the following major progress in liability management:

- In January 2016, the Company’s domestic wholly-owned subsidiary in China, CIFI Group Co., Ltd. (“CIFI China”) received approval for the issuance of domestic non-public corporate bonds (“Private Domestic Bonds”) of up to RMB6 billion to qualified investors. CIFI China successfully issued the First Tranche of Private Domestic Bonds RMB2.0 billion with maturity of 2 years, with the issuer’s right to adjust the coupon rate and a right of redemption exercisable by the holders at the end of the first year, and a coupon rate of 4.99%. Proceeds from the Private Domestic Bonds were primarily used for refinancing of onshore debts and general working capital.
- In March 2016, the Company signed an unsecured US\$600 million three-year US dollar/Hong Kong dollar dual currency club loan with an interest rate of LIBOR/HIBOR +4% per annum. Proceeds from the club loan have been primarily used for early redemption of the entire 12.25% coupon US Dollar Bonds Due in 2018 (“2018 Due USD Bonds”) and general working capital.
- In the first half of 2016, CIFI China successfully achieved “AA+” domestic credit ratings by onshore credit rating agencies China Chengxin Securities Rating Company Limited and Golden Credit Rating International Co. Ltd.; while the Company maintained its existing issuer’s credit ratings by international credit rating agency at “Ba3” (Moody’s), “BB–” (Standard & Poor’s) and “BB–” (Fitch) respectively, all with “Stable” outlook.

- Starting in early 2016, the Group started to use hedging instruments to mitigate the risks induced by the Renminbi devaluation concerning non-RMB denominated indebtedness. During the first half of 2016, the Group had entered into US dollar versus offshore RMB capped forward contracts to hedge and reduce our foreign currency exposure in non-RMB denominated indebtedness by US\$698 million.

### *Financial positions*

As a result of the Group's strong property sales and cash collection rate, together with continued progress in liability management as well as cautious land acquisition spending in the first half of 2016, the Group sustained a prudent financial position. As at 30 June 2016, the Group's:

- net debt-to-equity ratio was 57.4% (as at 31 December 2015: 59.2%);
- net debts (total indebtedness less cash-on-hand) amounted to RMB8,999,098,000 (as at 31 December 2015: RMB9,049,657,000);
- cash-on-hand level remained high at RMB16,570,323,000 (as at 31 December 2015: RMB14,905,236,000);
- total indebtedness mildly increased to RMB25,569,916,000 (as at 31 December 2015: RMB23,954,893,000);
- guaranteed joint ventures/associated companies debts reduced to RMB2,120,875,000 (as at 31 December 2015: RMB2,744,234,000);
- weighted average cost of indebtedness decreased to 5.8% (as at 31 December 2015: 7.2%);
- proportion of short-term borrowings in overall indebtedness remained low at 12.9% (as at 31 December 2015: 11.7%);
- proportion of unsecured indebtedness in overall indebtedness was 68.7% (as at 31 December 2015: 60.5%); and
- proportion of US dollar/HK dollar denominated (non-RMB denominated) indebtedness in overall indebtedness was 44.7% (as at 31 December 2015: 43.8%), while proportion of "unhedged" US dollar/HK dollar denominated (non-RMB denominated) indebtedness in overall indebtedness reduced to 26.7% (as at 31 December 2015: 43.8%).

As at 30 June 2016, unpaid committed land considerations attributable to the Group were approximately RMB4,368.5 million (versus cash-on-hand of approximately RMB16,570.3 million). The Group maintained a comfortable debt positions and off-balance sheet commitments.



## **Outlook for the second half of 2016**

Monetary policies and real estate administrative measures are the two important factors affecting real estate market fluctuations in China. As global central banks are maintaining negative to low interest rate environments, Chinese government is expected to sustain its current loose monetary policy amid slowdown in domestic GDP growth. Chances for unexpected credit crunches in China are low. However, facing pressure in RMB depreciation, we believe that there may not be further massive credit easing on top of the current loose monetary environment. On the other hand, there are no imminent signals that Chinese government would adopt severe administrative measures to curb real estate market at the present stage. We believe that the main themes of government policies are stabilizing (not suppressing) property prices in first-tier and strong second-tier cities, thereby to facilitate more favourable buyers' sentiment for inventory clearance much needed in other second-tier and third-tier cities.

China real estate market is highly cyclical by nature and always fluctuates depending on policies and demands. The current up-cycle of China real estate started last year. In line with the enormous appreciation in property and land prices especially in first-tier and strong second-tier cities, we are increasingly concerned about possible future risks particularly arising from slower income growth, RMB depreciation and credit tightening. We have observed the recent flood of "land kings" in first-tier and strong second-tier cities, in which the transacted land prices were commonly higher than selling prices of the nearby property units. The "land king" phenomenon is the outcome of real estate credit easing, ultra-high level of leverage utilized by certain reckless developers. These "land king" transactions are based on irrational expectations that future property selling prices will sustain the fast pace of increase in the recent two years. Based on lessons learned from the last property cycle in China, most of those "land king" developments purchased at the peak of the previous cycles turned out to be not profitable. Home purchase demands are fatigued by the current high property prices in certain Chinese cities. There are also initial signs that there could be more regulatory controls on domestic onshore funding by developers which will limit further land-banking capability. As a result, we believe that there are chances for a notable correction in land prices in future, even though the time for the market to enter into a downtrend could be longer than the past cycle.

As of now, the real estate market in China is still in the phase of peaking. Our main execution theme this year is to fully capture the benefits of the bull market while to be get prepared for any future correction. For the seven months ended 31 July 2016, the Group already completed approximately 74% of its revised full year 2016 contracted sales target of RMB43.8 billion. The Group is fully confident that it will achieve its full-year contracted sales target this year. We have abundant and quality saleable resources for first- and second-tier cities for the second half of 2016 and 2017. As we have already achieved an impressive completion ratio (amongst the highest within the industry) for our revised target of 2016 contracted sales, we have now shifted our sales objectives to achieving higher prices and balanced sales pace in order to fully benefit from the current bull market. Overall, for the second half of 2016 and 2017, our sell-through ratio will remain high, thereby further strengthening our cash and financial positions. This will enable us to capture the next land-banking window if the land market corrects in future.

We are increasingly prudent in land-banking this year. As the land market in the first- and strong second-tier cities are very competitive and irrational, we will avoid investing in “land kings” in these cities. We continue to identify good land opportunities in laggard second-tier cities more importantly through private acquisition of legacy land projects, urban village transformation and city regeneration projects. We believe bull market sentiments in real estate markets will rotate from first-tier and strong-second-tier to laggard second-tier cities with good economic fundamental. In contrast to “land kings”, these projects being identified by us have decent profit margins and good potential for appreciation.

As always, CIFI is committed to prudence, profitability and shareholders’ return. We will not expand our balance sheet just for the sake of scale expansion. We will strictly adhere to a prudent financial position and maintain strong financing capabilities. We target to improve our onshore and offshore credit ratings, and further lower our funding cost. All these measure will place CIFI in a competitive position to capture the opportunities in the next industry cycle.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PERFORMANCE HIGHLIGHTS

|  | <i>NOTES</i> | Six months ended 30 June<br>2016 | 2015                         | Year-on-year<br>Growth |
|--|--------------|----------------------------------|------------------------------|------------------------|
| <b>Contracted sales</b>                                    |              |                                  |                              |                        |
| Contracted sales ( <i>RMB'million</i> )                    | 1            | 27,592                           | 10,500                       | 162.8%                 |
| Contracted GFA ( <i>sq.m.</i> )                            |              | 1,491,100                        | 840,300                      | 77.4%                  |
| Contracted ASP ( <i>RMB/sq.m.</i> )                        |              | <u>18,504</u>                    | <u>12,519</u>                | <u>47.8%</u>           |
| <b>Selected financial information (<i>RMB'million</i>)</b> |              |                                  |                              |                        |
| Recognized revenue   |              | 8,744                            | 4,860                        | 79.9%                  |
| Profit for the period (including fair value gains)         |              |                                  |                              |                        |
| – Including non-controlling interests                      |              | 1,049                            | 912                          | 15.0%                  |
| – Attributable to equity owners                            |              | 838                              | 802                          | 4.5%                   |
| Core net profit  | 2            |                                  |                              |                        |
| – Including non-controlling interests                      |              | 1,159                            | 695                          | 66.8%                  |
| – Attributable to equity owners                            |              | 948                              | 623                          | 52.2%                  |
| <b>Selected financial ratios</b>                           |              |                                  |                              |                        |
| Gross profit margin (adjusted)                             |              | 27.1%                            | 24.9%                        |                        |
| Core net profit margin                                     | 3            | 10.8%                            | 12.8%                        |                        |
| Earnings per share (basic), RMB cents                      |              | 12.6                             | 13.0                         |                        |
| Core earnings per share (basic), RMB cents                 |              | <u>14.2</u>                      | <u>10.1</u>                  |                        |
|  |              | As at<br>30 June<br>2016         | As at<br>31 December<br>2015 |                        |
| <b>Selected balance sheet data (<i>RMB'million</i>)</b>    |              |                                  |                              |                        |
| Total assets   |              | 74,442                           | 67,452                       |                        |
| Bank balances and cash                                     | 4            | 16,570                           | 14,905                       |                        |
| Total indebtedness   | 5            | 25,570                           | 23,955                       |                        |
| Total equity   |              | 15,641                           | 15,283                       |                        |
| Equity attributable to equity owners                       |              | 13,046                           | 12,827                       |                        |
| Net debt-to-equity ratio                                   | 6            | 57.4%                            | 59.2%                        |                        |
| Weighted average cost of indebtedness                      | 7            | 5.8%                             | 7.2%                         |                        |
| <b>Land bank (GFA, million sq.m.)</b>                      |              |                                  |                              |                        |
| Land bank (GFA, sq.m.) at the end of period                |              |                                  |                              |                        |
| – Total  |              | 13.5                             | 12.5                         |                        |
| – Attributable   |              | <u>8.7</u>                       | <u>8.5</u>                   |                        |

*Notes:*

1. “Contracted sales” includes sales by the Group’s subsidiaries, joint ventures and associated companies.
2. “Core net profit” excludes fair value gain in investment properties, net exchange loss, expenses relating to share option grants, interest expenses on settlement of trust and other loans with derivative nature, loss on repurchase of senior notes, and share of fair value gain and net exchange loss at joint ventures and associates companies, net of deferred taxes.
3. “Core net profit margin” is calculated based on core net profit attributable to equity owners over total recognized revenue.
4. “Bank balances and cash” include pledged bank deposits.
5. “Total indebtedness” includes bank and other borrowings, onshore corporate bonds and offshore senior notes.
6. “Net debt-to-equity ratio” is calculated by the Group’s total indebtedness under IFRS less bank balances and cash (including pledged bank deposits) as a percentage of total equity at the end of each financial year.
7. “Weighted average cost of indebtedness” is the weighted average of interest costs of all indebtedness outstanding as at the end of each financial year.

## **PROPERTY DEVELOPMENT**

### **Contracted sales**

For the six months ended 30 June 2016, the Group achieved contracted sales of approximately RMB27.59 billion, representing a growth of 162.8% as compared to RMB10.52 billion in the corresponding period of last year. During the period the Group’s attributable contracted sales amounted to approximately RMB15.26 billion, representing a year-on-year increase of 116.3% over RMB7.09 billion in the corresponding period of last year. The overwhelming growth in the Group’s contracted sales was mainly attributable to the abundant supplies of quality saleable resources in strong-performing markets in first- and second-tier cities, a result of the Group’s appropriate development strategies implemented in the recent two years. For the six months ended 30 June 2016, the Group contracted sales of approximately 1,491,000 sq.m. in GFA, representing an increase of 77.4% over the corresponding period of last year. The Group’s contracted ASP for the period was approximately RMB18,504/sq.m., representing an increase of 47.8% from RMB12,519/sq.m. in the corresponding period of last year.

Contracted sales from the Yangtze River Delta, the Pan Bohai Rim and the Central Western Region contributed to approximately 77.3%, 17.9% and 4.8% of the Group’s total contracted sales respectively. Contracted sales from first- and second-tier cities accounted for approximately 97.1% of the Group’s total contracted sales whereas those from third-tier cities accounted for the remaining 2.9%. Contracted sales derived from residential projects contributed to approximately 91.7% whereas those from office projects contributed to the remaining 8.3%.

Cash collection from property sales during the period by the Group’s subsidiaries, joint ventures and associated companies represented over 95% of contracted sales during the period.

**Table 1: Details of contracted sales for the six months ended 30 June 2016**

*By project*

| Project  | Primary intended use of the project | Interest attributable to the Group (%) | Contracted sales (RMB'000) | % of total contracted sales (%) | Contracted GFA (sq.m.) | Contracted ASP (RMB/sq.m.) |
|--|-------------------------------------|--|----------------------------|---------------------------------|------------------------|----------------------------|
| <i>Yangtze River Delta</i>                     |                                     |  |                            |                                 |                        |                            |
| Shanghai CIFI Amber Garden                     | Residential                         | 35.0                                   | 1,545,646                  | 5.6                             | 70,999                 | 21,770                     |
| Shanghai CIFI the Great City                   | Residential                         | 40.0                                   | 1,202,775                  | 4.4                             | 56,312                 | 21,359                     |
| Shanghai Park Mansion Riverside                | Residential                         | 50.0                                   | 1,124,854                  | 4.1                             | 9,020                  | 124,707                    |
| Shanghai Shangkun CIFI Villa                   | Residential                         | 50.0                                   | 958,780                    | 3.5                             | 28,934                 | 33,137                     |
| Shanghai CIFI Elite Mansion                    | Residential                         | 50.0                                   | 683,704                    | 2.5                             | 54,365                 | 12,576                     |
| Shanghai CIFI Park Mansion (An Ting)           | Residential                         | 67.5                                   | 510,123                    | 1.8                             | 11,605                 | 43,957                     |
| Shanghai Henderson CIFI Center                 | Office/Commercial                   | 50.0                                   | 329,292                    | 1.2                             | 8,735                  | 37,698                     |
| Shanghai CIFI Haishang International           | Office/Commercial                   | 53.0                                   | 216,222                    | 0.8                             | 5,057                  | 42,757                     |
| Shanghai CIFI Pure Center                      | Office/Commercial                   | 45.0                                   | 196,569                    | 0.7                             | 6,253                  | 31,436                     |
| Shanghai CIFI Pleasant Garden                  | Residential                         | 100.0                                  | 139,124                    | 0.5                             | 11,848                 | 11,742                     |
| Shanghai CIFI Pebble Beach                     | Residential                         | 100.0                                  | 62,364                     | 0.2                             | 4,351                  | 14,333                     |
| Shanghai CIFI U Block                          | Office/Commercial                   | 100.0                                  | 61,525                     | 0.2                             | 2,367                  | 25,993                     |
| Shanghai CIFI Jiangwan Mansion                 | Residential                         | 100.0                                  | 33,077                     | 0.1                             | 558                    | 59,278                     |
| Shanghai Greenland CIFI E World Center         | Office/Commercial                   | 50.0                                   | 19,956                     | 0.1                             | 332                    | 60,108                     |
| Shanghai CIFI City                             | Residential                         | 100.0                                  | 3,016                      | *                               | 4,533                  | 665                        |
| Shanghai CIFI Arthur Shire                     | Residential                         | 100.0                                  | 4,630                      | *                               | 96                     | 48,229                     |
| Suzhou CIFI Park Mansion                       | Residential                         | 12.5                                   | 2,419,259                  | 8.8                             | 66,136                 | 36,580                     |
| Suzhou Henderson CIFI City                     | Residential                         | 50.0                                   | 1,966,133                  | 7.1                             | 130,598                | 15,055                     |
| Suzhou North Star CIFI No. 1 Courtyard         | Residential                         | 50.0                                   | 1,259,428                  | 4.6                             | 67,812                 | 18,572                     |
| Suzhou CIFI Shangli                            | Residential                         | 100.0                                  | 836,669                    | 3.0                             | 51,800                 | 16,152                     |
| Suzhou CIFI Elegant City                       | Residential                         | 100.0                                  | 402,345                    | 1.5                             | 28,672                 | 14,033                     |
| Suzhou CIFI Apple Paradise                     | Residential                         | 50.0                                   | 42,688                     | 0.2                             | 5,384                  | 7,929                      |
| Suzhou CIFI Xiyue                              | Residential                         | 100.0                                  | 52,210                     | 0.2                             | 5,109                  | 10,219                     |
| Suzhou CIFI Sunny Life                         | Residential                         | 100.0                                  | 48,403                     | 0.2                             | 4,956                  | 9,767                      |
| Suzhou CIFI Private Mansion Usonian City Villa | Residential                         | 100.0                                  | 3,963                      | *                               | 347                    | 11,421                     |
| Suzhou CIFI Canal County                       | Residential                         | 100.0                                  | 2,887                      | *                               | 330                    | 8,748                      |
| Hangzhou Greenland CIFI Glorious City          | Residential                         | 50.0                                   | 1,389,279                  | 5.0                             | 41,522                 | 33,459                     |
| Hangzhou Shunfa CIFI Honor Mansion             | Residential                         | 30.0                                   | 910,224                    | 3.3                             | 30,516                 | 29,828                     |
| Hangzhou Longfor CIFI Chunjiang City           | Residential                         | 35.0                                   | 780,935                    | 2.8                             | 38,217                 | 20,434                     |
| Hangzhou Henderson CIFI Palace                 | Residential                         | 100.0                                  | 385,314                    | 1.4                             | 47,144                 | 8,173                      |
| Nanjing North Star CIFI Park Mansion           | Residential                         | 49.0                                   | 1,177,877                  | 4.3                             | 26,574                 | 44,324                     |
| <i>Jin Ling</i>                                |                                     |  |                            |                                 |                        |                            |
| Nanjing Yincheng CIFI Baimalanshan             | Residential                         | 51.0                                   | 397,580                    | 1.4                             | 19,444                 | 20,447                     |
| Nanjing CIFI Jiuzhu                            | Residential                         | 100.0                                  | 178,623                    | 0.6                             | 8,873                  | 20,131                     |
| Hefei CIFI Original Villa                      | Residential                         | 100.0                                  | 1,345,425                  | 4.9                             | 81,177                 | 16,574                     |
| Zhenjiang CIFI East One Place                  | Residential                         | 100.0                                  | 175,536                    | 0.6                             | 32,781                 | 5,355                      |
| Zhenjiang CIFI Times                           | Residential                         | 100.0                                  | 20,839                     | 0.1                             | 3,988                  | 5,225                      |
| Jiaxing CIFI Ronchamp Town                     | Residential                         | 100.0                                  | 160,001                    | 0.6                             | 22,889                 | 6,990                      |
| Jiaxing CIFI Private Mansion                   | Residential                         | 100.0                                  | 26,096                     | 0.1                             | 3,500                  | 7,456                      |

| Project                           | Primary intended use of the project | Interest attributable to the Group (%) | Contracted sales (RMB'000) | % of total contracted sales (%) | Contracted GFA (sq.m.) | Contracted ASP (RMB/sq.m.) |
|-----------------------------------|-------------------------------------|--|----------------------------|---------------------------------|------------------------|----------------------------|
| <i>Pan Bohai Rim</i>              |                                     |  |                            |                                 |                        |                            |
| Beijing Longxi CIFI 6th Courtyard | Residential                         | 20.0                                   | 1,329,424                  | 4.8                             | 49,295                 | 26,969                     |
| Beijing CIFI NO. 26 Block         | Office/Commercial                   | 10.0                                   | 1,003,518                  | 3.6                             | 35,794                 | 28,036                     |
| Beijing Vanke World               | Office/Commercial                   | 26.5                                   | 210,730                    | 0.8                             | 6,003                  | 35,104                     |
| Beijing MOMA CIFI Residence       | Residential                         | 50.0                                   | 187,229                    | 0.7                             | 7,948                  | 23,557                     |
| Beijing CIFI The Education Park   | Office/Commercial                   | 100.0                                  | 138,256                    | 0.5                             | 7,587                  | 18,223                     |
| Beijing CIFI The Upper House      | Residential                         | 80.0                                   | 68,993                     | 0.3                             | 2,311                  | 29,854                     |
| Tianjin CIFI Private Mansion      | Residential                         | 100.0                                  | 520,135                    | 1.9                             | 35,174                 | 14,787                     |
| Tianjin CIFI Yannan Garden        | Residential                         | 100.0                                  | 452,247                    | 1.6                             | 37,582                 | 12,034                     |
| Tianjin CIFI Rosedale             | Residential                         | 100.0                                  | 193,190                    | 0.7                             | 25,107                 | 7,695                      |
| Shenyang CIFI Private Mansion     | Residential                         | 100.0                                  | 204,395                    | 0.7                             | 30,050                 | 6,802                      |
| Langfang CIFI Path Walf           | Residential                         | 100.0                                  | 404,742                    | 1.5                             | 58,335                 | 6,938                      |
| <i>Central Western Region</i>     |                                     |  |                            |                                 |                        |                            |
| Wuhan CIFI Private Mansion        | Residential                         | 100.0                                  | 866,893                    | 3.1                             | 93,223                 | 9,299                      |
| Chongqing CIFI City               | Residential                         | 100.0                                  | 242,232                    | 0.9                             | 41,291                 | 5,866                      |
| Chongqing CIFI City               | Office/Commercial                   | 100.0                                  | 25,977                     | 0.1                             | 1,867                  | 13,914                     |
| Chongqing CIFI Jiangshan Yue      | Residential                         | 30.0                                   | 65,550                     | 0.2                             | 5,163                  | 12,696                     |
| Chongqing CIFI Ronchamp Town      | Residential                         | 100.0                                  | 1,290                      | *                               | 383                    | 3,368                      |
| Changsha CIFI International Plaza | Residential                         | 100.0                                  | 68,067                     | 0.2                             | 4,596                  | 14,810                     |
| Changsha CIFI Dream Mansion       | Residential                         | 80.0                                   | 44,643                     | 0.2                             | 7,505                  | 5,948                      |
| Changsha CIFI Private Mansion     | Residential                         | 100.0                                  | 13,554                     | *                               | 1,956                  | 6,929                      |
| Carpark and others                |                                     |  | 477,684                    | 1.8                             | 46,822                 | 10,202                     |
| Total                             |                                     |  | 27,592,120                 | 100.0                           | 1,491,126              | 18,504                     |

\* less than 0.1%

*By type of project*

|                   | <b>Contracted sales</b><br><i>(RMB'000)</i> | <b>% of total contracted sales</b><br><i>(%)</i> | <b>Contracted GFA</b><br><i>(sq.m.)</i> | <b>Contracted ASP</b><br><i>(RMB/sq.m.)</i> |
|-------------------|---|--|---|---|
| Residential       | 25,307,020                                  | 91.7   | 1,411,376                               | 17,931                                      |
| Office/Commercial | 2,285,100                                   | 8.3  | 79,750                                  | 28,653                                      |
| <b>Total</b>      | <b>27,592,120</b>                           | <b>100.0</b>                                     | <b>1,491,126</b>                        | <b>18,504</b>                               |

*By city*

|              | <b>Contracted Sales</b><br><i>(RMB'000)</i> | <b>% of total Contracted Sales</b><br><i>(%)</i> | <b>Contracted GFA</b><br><i>(sq.m.)</i> | <b>Contracted ASP</b><br><i>(RMB/sq.m.)</i> |
|--------------|---|--|---|---|
| Shanghai     | 7,189,869                                   | 26.1   | 281,042                                 | 25,583                                      |
| Suzhou       | 7,095,872                                   | 25.7   | 370,485                                 | 19,153                                      |
| Hangzhou     | 3,549,038                                   | 12.9   | 160,971                                 | 22,048                                      |
| Beijing      | 2,968,834                                   | 10.8   | 118,161                                 | 25,125                                      |
| Nanjing      | 1,742,904                                   | 6.3  | 54,891                                  | 31,752                                      |
| Hefei        | 1,369,783                                   | 5.0  | 85,635                                  | 15,996                                      |
| Tianjin      | 1,346,739                                   | 4.9  | 109,640                                 | 12,283                                      |
| Wuhan        | 866,887                                     | 3.1  | 93,223                                  | 9,299                                       |
| Langfang     | 406,539                                     | 1.5  | 58,335                                  | 6,969                                       |
| Chongqing    | 343,361                                     | 1.2  | 50,951                                  | 6,739                                       |
| Shenyang     | 204,395                                     | 0.7  | 30,050                                  | 6,802                                       |
| Zhenjiang    | 196,396                                     | 0.7  | 36,034                                  | 5,450                                       |
| Jiaxing      | 187,011                                     | 0.7  | 25,995                                  | 7,194                                       |
| Changsha     | 124,492                                     | 0.5  | 15,712                                  | 7,923                                       |
| <b>Total</b> | <b>27,592,120</b>                           | <b>100.0</b>                                     | <b>1,491,126</b>                        | <b>18,504</b>                               |

*By region*

|                        | <b>Contracted sales</b><br>(RMB'000) | <b>% of total contracted sales</b><br>(%) | <b>Contracted GFA</b><br>(sq.m.) | <b>Contracted ASP</b><br>(RMB/sq.m.) |
|------------------------|--------------------------------------|---|----------------------------------|--------------------------------------|
| Yangtze River Delta    | 21,330,873                           | 77.3                                      | 1,015,053                        | 21,015                               |
| Pan Bohai Rim          | 4,926,507                            | 17.9                                      | 316,186                          | 15,581                               |
| Central Western Region | 1,334,740                            | 4.8                                       | 159,887                          | 8,348                                |
| Total                  | <u>27,592,120</u>                    | <u>100.0</u>                              | <u>1,491,126</u>                 | 18,504                               |

*By first-, second- and third-tier cities*

|                  | <b>Contracted sales</b><br>(RMB'000) | <b>% of total contracted sales</b><br>(%) | <b>Contracted GFA</b><br>(sq.m.) | <b>Contracted ASP</b><br>(RMB/sq.m.) |
|------------------|--------------------------------------|---|----------------------------------|--------------------------------------|
| First-tier city  | 10,158,703                           | 36.8                                      | 399,203                          | 25,448                               |
| Second-tier city | 16,643,471                           | 60.3                                      | 971,559                          | 17,131                               |
| Third-tier city  | 789,946                              | 2.9                                       | 120,364                          | 6,563                                |
| Total            | <u>27,592,120</u>                    | <u>100.0</u>                              | <u>1,491,126</u>                 | 18,504                               |

*Notes:*

1. First-tier cities refer to Shanghai and Beijing.
2. Second-tier cities refer to Suzhou, Hangzhou, Nanjing, Hefei, Tianjin, Shenyang, Wuhan, Chongqing and Changsha.
3. Third-tier cities refer to Jiaxing, Zhenjiang and Langfang.

**Revenue recognized from sales of properties**

Revenue recognized from sales of properties for the six months ended 30 June 2016 was approximately RMB7,985.2 million up by 76.0% year-on-year, accounted for 91.3% of total recognized revenue. For the six months ended 30 June 2016, the Group's subsidiaries delivered approximately 718,100 sq.m. of properties in GFA, up by 119.7% year-on-year.



**Table 2: Breakdown of recognized revenue from property sales for the six months ended 30 June 2016**

*By project*

| Project                              | Primary intended use of the project | Recognized revenue from sales of properties |                  | % of recognized revenue from sales of properties |            | Total GFA delivered |                | Recognized ASP |               |
|--------------------------------------|-------------------------------------|---|------------------|--|------------|---------------------|----------------|----------------|---------------|
|                                      |                                     | (RMB'000)                                   |                  | (% )   |            | (sq.m.)             |                | (RMB/sq.m.)    |               |
|                                      |                                     | 2016  | 2015             | 2016   | 2015       | 2016                | 2015           | 2016           | 2015          |
| Shanghai Henderson CIFI Centre       | Residential,<br>Office/Commercial   | 685,654                                     | –                | 8.6  | –          | 19,820              | –              | 34,594         | –             |
| Shanghai CIFI Pure Center            | Office/Commercial                   | 1,027,623                                   | –                | 12.9   | –          | 45,753              | –              | 22,460         | –             |
| Shanghai CIFI Arthur Shire           | Residential                         | –   | 997,925          | –  | 22.0       | –                   | 32,708         | –              | 30,510        |
| Shanghai CIFI Jiangwan Mansion       | Residential                         | 29,191                                      | 408,472          | 0.3  | 9.0        | 533                 | 7,483          | 54,767         | 54,587        |
| Shanghai CIFI Haishang International | Office/Commercial                   | 236,029                                     | –                | 3.0  | –          | 5,789               | –              | 40,772         | –             |
| Shanghai CIFI Park Mansion           | Residential                         | 181,269                                     | –                | 2.3  | –          | 5,230               | –              | 34,659         | –             |
| Shanghai CIFI Private Mansion        | Residential                         | –   | 141,730          | –  | 3.1        | –                   | 6,275          | –              | 22,586        |
| Shanghai CIFI Pleasant Garden        | Residential                         | 192,045                                     | 64,350           | 2.4  | 1.4        | 17,202              | 6,385          | 11,164         | 10,078        |
| Shanghai CIFI City                   | Residential                         | –   | 41,613           | –  | 0.9        | –                   | 1,678          | –              | 24,799        |
| Shanghai CIFI Luxury Courtyard       | Residential                         | 7,995                                       | 10,322           | 0.1  | 0.2        | 401                 | 414            | 19,938         | 24,932        |
| Shanghai CIFI Pebble Beach           | Residential                         | 15,104                                      | –                | 0.2  | –          | 1,123               | –              | 13,450         | –             |
| Shanghai CIFI U Block                | Office/Commercial                   | 58,999                                      | 4,295            | 0.7  | 0.1        | 2,718               | 218            | 21,707         | 19,702        |
| Shanghai CIFI Samite Life            | Residential                         | 13,217                                      | –                | 0.2  | –          | 1,128               | –              | 11,717         | –             |
| Shanghai CIFI Pujiang International  | Office/Commercial                   | 67,906                                      | –                | 0.9  | –          | 3,958               | –              | 17,157         | –             |
| Suzhou CIFI Private Mansion          | Residential                         | 3,651                                       | 1,092,859        | *  | 24.1       | 263                 | 87,118         | 13,882         | 12,545        |
| Usonian City Villa                   |                                     |   |                  |  |            |                     |                |                |               |
| Suzhou CIFI Elegant City             | Residential                         | 1,234,319                                   | –                | 15.5   | –          | 115,983             | –              | 10,642         | –             |
| Suzhou CIFI Sunny Life               | Residential                         | 47,896                                      | –                | 0.6  | –          | 4,809               | –              | 9,960          | –             |
| Suzhou CIFI Private Mansion          | Residential                         | 3,290                                       | 22,161           | *  | 0.5        | 236                 | 1,405          | 13,941         | 15,773        |
| Suzhou CIFI Luxury Courtyard         | Residential                         | 754   | 3,635            | *  | 0.1        | 91                  | 478            | 8,286          | 7,605         |
| Hefei CIFI Private Mansion           | Residential                         | –   | 640,642          | –  | 14.1       | –                   | 78,023         | –              | 8,211         |
| Zhenjiang CIFI Times                 | Residential                         | 19,861                                      | 46,630           | 0.2  | 1.0        | 3,238               | 6,681          | 6,134          | 6,979         |
| Jiaxing CIFI Ronchamp Town           | Residential                         | 151,114                                     | –                | 1.9  | –          | 20,167              | –              | 7,493          | –             |
| Jiaxing CIFI Private Mansion         | Residential                         | 68,065                                      | –                | 0.9  | –          | 9,520               | –              | 7,150          | –             |
| Hangzhou Henderson CIFI Palace       | Residential                         | 224,857                                     | –                | 2.8  | –          | 28,174              | –              | 7,981          | –             |
| Beijing CIFI The Education Park      | Office/Commercial                   | 439,605                                     | –                | 5.5  | –          | 20,298              | –              | 21,658         | –             |
| Beijing CIFI The Upper House         | Residential                         | 138,579                                     | 520,492          | 1.7  | 11.5       | 5,390               | 21,265         | 25,710         | 24,476        |
| Beijing CIFI Private Mansion         | Residential                         | –   | 80,000           | –  | 1.8        | –                   | 3,570          | –              | 22,409        |
| Langfang CIFI Path Walf              | Residential                         | 838,074                                     | 41,582           | 10.5   | 0.9        | 122,779             | 7,047          | 6,826          | 5,901         |
| Tianjin CIFI Private Mansion         | Residential                         | 1,047,921                                   | –                | 13.1   | –          | 102,219             | –              | 10,252         | –             |
| Tianjin CIFI Rosedale                | Residential                         | 194,831                                     | 234,358          | 2.4  | 5.2        | 28,916              | 29,321         | 6,738          | 7,993         |
| Shenyang CIFI Private Mansion        | Residential                         | 177,133                                     | –                | 2.2  | –          | 29,957              | –              | 5,913          | –             |
| Chongqing CIFI Ronchamp Town         | Residential                         | –   | 1,943            | –  | 0.1        | –                   | 286            | –              | 6,794         |
| Chongqing CIFI Fashion Tribe         | Office/Commercial                   | –   | 1,475            | –  | *          | –                   | 236            | –              | 6,250         |
| Chongqing CIFI Langyuejun            | Residential                         | –   | 1,038            | –  | *          | –                   | 229            | –              | 4,533         |
| Changsha CIFI International Plaza    | Office/Commercial                   | 166,613                                     | –                | 2.1  | –          | 8,985               | –              | 18,543         | –             |
| Changsha CIFI Private Mansion        | Residential                         | 12,316                                      | 131,437          | 0.2  | 2.9        | 2,152               | 19,154         | 5,723          | 6,862         |
| Changsha CIFI Dream Mansion          | Residential                         | 382,490                                     | –                | 4.8  | –          | 58,035              | –              | 6,591          | –             |
| Wuhan CIFI Private Mansion           | Residential                         | 239,286                                     | –                | 3.0  | –          | 22,288              | –              | 10,736         | –             |
| Carpark and others                   |                                     | 79,475                                      | 49,329           | 1.0  | 1.1        | 30,927              | 16,857         | 2,570          | 2,926         |
| <b>Total</b>                         |                                     | <b>7,985,162</b>                            | <b>4,536,288</b> | <b>100</b>                                       | <b>100</b> | <b>718,082</b>      | <b>326,831</b> | <b>11,120</b>  | <b>13,880</b> |

\* less than 0.1%

*By type of project*

|                   | Recognized revenue<br>from sales of properties<br>(RMB'000) |                  | % of recognized revenue<br>from sales of properties<br>(%) |            | Total GFA delivered<br>(sq.m.) |                | Recognized ASP<br>(RMB/sq.m.) |               |
|-------------------|---|------------------|--|------------|--------------------------------|----------------|-------------------------------|---------------|
|                   | 2016  | 2015             | 2016   | 2015       | 2016                           | 2015           | 2016                          | 2015          |
|                   | Residential   | 5,302,733        | 4,530,518  | 66.4       | 99.9                           | 610,761        | 326,377                       | 8,682         |
| Office/Commercial | 2,682,429   | 5,770            | 33.6   | 0.1        | 107,321                        | 454            | 24,994                        | 12,709        |
| <b>Total</b>      | <b>7,985,162</b>  | <b>4,536,288</b> | <b>100</b>   | <b>100</b> | <b>718,082</b>                 | <b>326,831</b> | <b>11,120</b>                 | <b>13,880</b> |

*By city*

|              | Recognized revenue<br>from sales of properties<br>(RMB'000) |                  | % of recognized revenue<br>from sales of properties<br>(%) |            | Total GFA delivered<br>(sq.m.) |                | Recognized ASP<br>(RMB/sq.m.) |               |
|--------------|---|------------------|--|------------|--------------------------------|----------------|-------------------------------|---------------|
|              | 2016  | 2015             | 2016   | 2015       | 2016                           | 2015           | 2016                          | 2015          |
|              | Shanghai  | 2,558,285        | 1,679,637  | 32.0       | 37.0                           | 118,155        | 56,910                        | 21,652        |
| Suzhou       | 1,302,160   | 1,131,903        | 16.3   | 25.0       | 130,531                        | 96,042         | 9,976                         | 11,786        |
| Tianjin      | 1,242,752   | 234,358          | 15.6   | 5.2        | 131,135                        | 29,321         | 9,477                         | 7,993         |
| Langfang     | 838,074   | 41,582           | 10.5   | 0.9        | 122,779                        | 7,047          | 6,826                         | 5,901         |
| Beijing      | 601,143   | 603,942          | 7.6  | 13.3       | 31,699                         | 25,919         | 18,964                        | 23,301        |
| Changsha     | 561,419   | 133,898          | 7.0  | 3.0        | 69,172                         | 20,970         | 8,116                         | 6,385         |
| Wuhan        | 239,286   | -                | 3.0  | -          | 22,288                         | -              | 10,736                        | -             |
| Hangzhou     | 224,857   | -                | 2.8  | -          | 28,174                         | -              | 7,981                         | -             |
| Jiaxing      | 220,192   | -                | 2.8  | -          | 30,954                         | -              | 7,114                         | -             |
| Shenyang     | 177,133   | -                | 2.2  | -          | 29,957                         | -              | 5,913                         | -             |
| Zhenjiang    | 19,861  | 49,180           | 0.2  | 1.1        | 3,238                          | 7,381          | 6,134                         | 6,663         |
| Hefei        | -   | 652,138          | -  | 14.4       | -                              | 80,864         | -                             | 8,065         |
| Chongqing    | -   | 9,650            | -  | 0.2        | -                              | 2,377          | -                             | 4,060         |
| <b>Total</b> | <b>7,985,162</b>  | <b>4,536,288</b> | <b>100</b>   | <b>100</b> | <b>718,082</b>                 | <b>326,831</b> | <b>11,120</b>                 | <b>13,880</b> |

*By region*

|                        | Recognized revenue<br>from sales of properties<br>(RMB'000) |                  | % of recognized revenue<br>from sales of properties<br>(%) |            | Total GFA delivered<br>(sq.m.) |                | Recognized ASP<br>(RMB/sq.m.) |               |
|------------------------|---|------------------|--|------------|--------------------------------|----------------|-------------------------------|---------------|
|                        | 2016  | 2015             | 2016   | 2015       | 2016                           | 2015           | 2016                          | 2015          |
|                        | Yangtze River Delta   | 4,325,355        | 3,512,858  | 54.2       | 77.4                           | 311,052        | 241,197                       | 13,906        |
| Pan Bohai Rim          | 2,859,102   | 879,882          | 35.8   | 19.4       | 315,570                        | 62,287         | 9,060                         | 14,126        |
| Central Western Region | 800,705   | 143,548          | 10.0   | 3.2        | 91,460                         | 23,347         | 8,755                         | 6,148         |
| <b>Total</b>           | <b>7,985,162</b>  | <b>4,536,288</b> | <b>100</b>   | <b>100</b> | <b>718,082</b>                 | <b>326,831</b> | <b>11,120</b>                 | <b>13,880</b> |

*By first-, second- and third-tier cities*

|                    | Recognized revenue       |                  | % of recognized revenue  |            | Total GFA delivered |                | Recognized ASP |               |
|--------------------|--------------------------|------------------|--------------------------|------------|---------------------|----------------|----------------|---------------|
|                    | from sales of properties |                  | from sales of properties |            | (sq.m.)             |                | (RMB/sq.m.)    |               |
|                    | (RMB'000)                |                  | (%)                      |            |                     |                |                |               |
|                    | 2016                     | 2015             | 2016                     | 2015       | 2016                | 2015           | 2016           | 2015          |
| First-tier cities  | 3,159,428                | 2,283,579        | 39.6                     | 50.3       | 149,854             | 82,829         | 21,083         | 27,570        |
| Second-tier cities | 3,747,607                | 2,161,947        | 46.9                     | 47.7       | 411,257             | 229,574        | 9,113          | 9,417         |
| Third-tier cities  | 1,078,127                | 90,762           | 13.5                     | 2.0        | 156,971             | 14,428         | 6,868          | 6,291         |
| Total              | <u>7,985,162</u>         | <u>4,536,288</u> | <u>100</u>               | <u>100</u> | <u>718,082</u>      | <u>326,831</u> | <u>11,120</u>  | <u>13,880</u> |

*Notes:*

1. First-tier cities refer to Shanghai and Beijing.
2. Second-tier cities refer to Suzhou, Hangzhou, Hefei, Tianjin, Shenyang, Chongqing, Wuhan and Changsha.
3. Third-tier cities refer to Jiaxing, Zhenjiang and Langfang.

### **Completed properties held for sale**

During the six months ended 30 June 2016, the total GFA of newly completed projects of the Group amounted to approximately 0.8 million sq.m. comprising 0.3 million sq.m. by its subsidiaries and 0.5 million sq.m. by its joint ventures or associated companies. As at 30 June 2016, the Group had 50 completed properties projects with a total and attributable unsold or undelivered GFA of approximately 3.8 million sq.m. and 3.2 million sq.m. respectively.

### **Properties under development/held for future development**

As at 30 June 2016, the Group had 52 property projects under development or held for future development with a total and attributable GFA of approximately 9.7 million sq.m. and 5.5 million sq.m. respectively.

## **PROPERTY INVESTMENT**

### **Rental income**

The Group's rental income during the six months ended 30 June 2016 was approximately RMB17.5 million, down by 13.6% year-on-year. The decrease was primarily from the portion of Jiaxing CIFI Square's retail spaces which was undergoing transformation and the re-leasing caused loss of rental during the process.

## Investment properties

As at 30 June 2016, the Group had 7 investment properties with a total GFA of approximately 147,400 sq.m. Out of such investment properties portfolio of the Group, 6 investment properties with a total GFA of approximately 136,400 sq.m. were completed, while the remaining were under development.

## FINANCIAL REVIEW

### Revenue

During the six months ended 30 June 2016, the Group's recognized revenue was approximately RMB8,744.1 million, up 79.9% year-on-year. Out of the Group's total recognized revenue during the six months ended 30 June 2016, (i) sales of property increased by 76.0% from the corresponding period of last year to approximately RMB7,985.2 million, which was in line with the increase in delivered GFA; (ii) rental income decreased by 13.6% from the corresponding period of last year; and (iii) property management and other property related service income increased by 144.1% from the corresponding period of last year.

*Table 3: Breakdown of recognized revenue for the six months ended 30 June 2016*

|  | Six months ended<br>30 June 2016   |  | Six months ended<br>30 June 2015   |  | Year-on-<br>year<br>change<br>(%) |
|--|------------------------------------|--|------------------------------------|--|-----------------------------------|
|  | Recognized<br>revenue<br>(RMB'000) | % of total<br>recognized<br>revenue<br>(%) | Recognized<br>revenue<br>(RMB'000) | % of total<br>recognized<br>revenue<br>(%) |                                   |
| Sales of properties  | 7,985,162                          | 91.3                                       | 4,536,288                          | 93.3                                       | 76.0                              |
| Rental income  | 17,487                             | 0.2  | 20,228                             | 0.4  | -13.6                             |
| Property management income<br>and other property related<br>service income | 741,472                            | 8.5  | 303,734                            | 6.3  | 144.1                             |
| Total  | <u>8,744,121</u>                   | <u>100.0</u>                               | <u>4,860,250</u>                   | <u>100.0</u>                               | 79.9                              |

### Cost of sales

The Group's cost of sales during the six months ended 30 June 2016 was approximately RMB6,377.4 million, up 67.2% from the corresponding period of last year. This increase was primarily due to an increase in cost of property sales as a result of an increase in total GFA delivered compared to the corresponding period of last year.

## **Gross profit and gross profit margin**

The Group's reported gross profit for the six months ended 30 June 2016 was approximately RMB2,366.7 million, up by 126.1% compared to RMB1,046.9 million for the corresponding period of 2015. The reported gross profit for the six months ended 30 June 2015 was understated by the accounting treatment due to increase of equity interests in certain projects. There was no such accounting impact on the reported gross profit for the six months ended 30 June 2016. Eliminating the accounting effect of remeasurement of fair value of the costs of relevant properties delivered, the adjusted gross profit for the six months ended 30 June 2016 was approximately RMB2,366.7 million, up by 95.3% compared to RMB1,211.8 million for the corresponding period of 2015.

Our reported gross profit margin was 27.1% for the six months ended 30 June 2016, compared to 21.5% for the corresponding period of 2015. Our adjusted gross profit margin (excluding the accounting effects due to increase of equity interests in certain projects) was 27.1% for the six months ended 30 June 2016, compared to 24.9% for the corresponding period of 2015. The improvement of the Group's adjusted gross profit margin during the six months ended 30 June 2016 compared to the corresponding period in 2015 was primarily due to (i) higher profitability of our products delivered during the period, with ASPs contracted and locked-in amid strong real estate market recovery in China since last year; and (ii) higher proportion of recognized revenue from residential products for home upgraders which generally have higher profit margins.

## **Gain on remeasurement and gain from business combinations**

During the six months ended 30 June 2016, the Group increased equity interests in certain project resulting in financial consolidation of such project as subsidiary. As a result, the Group recognized a gain of RMB38.3 million (30 June 2015: RMB88.1 million) from remeasurement of the fair value of the equity interests in certain project companies (which were previously recognized as joint venture, before acquisition of the equity interests during the period and thereafter they were recognized as subsidiary) and a gain of RMB33.9 million (30 June 2015: RMB76.8 million) from business combination for the acquisition of interest of the aforesaid companies, for the excess of fair value of net assets acquired over the consideration.

The project being consolidated as subsidiaries of the Group during the six months ended 30 June 2016 did not contribute to the recognized revenue of the Group for the six months ended 30 June 2016. Thus, the gain from remeasurement and business combination did not affect gross profit of the Group during the six months ended 30 June 2016, but will impact gross profit in future when these subsidiaries contribute to recognized revenue of the Group subsequent to 30 June 2016.

## **Net exchange loss/Gain from hedging arrangements**

During the six months ended 30 June 2016, the Group incurred net exchange loss of RMB163.9 million due to the effects of the depreciation of RMB during the period, compared to RMB12.8 million of net exchange loss in the corresponding period of last year.

Starting in early 2016, the Group had entered into currency capped forward contracts to hedge certain of its foreign currency exposure in non-RMB denominated indebtedness. Accordingly, during the six months ended 30 June 2016, the Group recorded in a fair value gain on derivative financial instruments of RMB61.7 million (30 June 2015: nil) due to the corresponding accounting gains from these hedging arrangements.

#### **Loss on early redemption of senior notes**

During the six months ended 30 June 2016, the Group realized a loss on early redemption of the 2018 Due USD Bonds of RMB182.3 million.

#### **Change in fair value of investment properties**

During the six months ended 30 June 2016, the Group recognized a fair value loss on investment properties of approximately RMB66.1 million as compared to a fair value gain on investment properties in the corresponding period of last year of approximately RMB327.7 million.

The fair value loss on investment properties was mainly due to the reduction of the overall capital value and/or rental values.

#### **Selling and marketing expenses**

The Group's selling and marketing expenses increased by 91.7% to approximately RMB217.8 million during the six months ended 30 June 2016 from approximately RMB113.6 million in the corresponding period of last year. This increase was in line with the Group's massive new launches of property projects available for pre-sale in 2016. During the period, the Group kept its selling expenses at an appropriate level.

#### **Administrative and other expenses**

The Group's administrative expenses increased by 46.3% to approximately RMB314.6 million during the six months ended 30 June 2016 from approximately RMB215.0 million in the corresponding period of last year. This increase was primarily due to the Group's business expansion. During the period, the Group's administrative expenses were kept at a reasonable level due to implementation of stringent cost control and improvement in per capita efficiency.

#### **Share of results of joint ventures and associates**

The Group's share of results of joint ventures and associates amounted to profits of RMB239.5 million during the six months ended 30 June 2016, versus profits of RMB53.0 million in the corresponding period of last year. Included in the share of results of joint ventures and associates in the six months ended 30 June 2016 were RMB42.2 million share of exchange loss and RMB218.4 million share of gain in the fair value of investment properties under construction.

Eliminating the effects of exchange loss and fair value gains, the Group's share of results of joint ventures and associates were profits of RMB63.3 million during the six months ended 30 June 2016, compared to profits of RMB53.0 million in the corresponding period of last year.

### **Finance costs**

The Group's finance costs expensed during the six months ended 30 June 2016 was approximately RMB108.2 million, versus RMB96.5 million in the corresponding period of last year. The change in finance costs expensed was primarily attributable to the change in the total finance costs incurred, net of the portion being capitalized in properties under development during the period.

The Group's total finance costs expensed and capitalized increased by 22.3% to approximately RMB860.9 million during the six months ended 30 June 2016 from RMB703.7 million in the corresponding period of last year. The increase in total finance costs expensed and capitalized was due to the increase of the Group's total indebtedness level, but partly set off by the decrease in weighted average cost of indebtedness. The Group's total indebtedness was RMB25.6 billion as at 30 June 2016, compared to RMB24.0 billion as at 31 December 2015 and RMB19.3 billion as at 30 June 2015. The Group's weighted average cost of indebtedness as at 30 June 2016 was 5.8%, compared to 7.2% as at 31 December 2015 and 7.9% as at 30 June 2015.

### **Income tax expenses**

The Group's income tax expenses increased by 82.0% to approximately RMB722.5 million during the six months ended 30 June 2016 from approximately RMB397.0 million in the corresponding period of last year. The Group's income tax expense included payments and provisions made for enterprise income tax ("EIT") and land appreciation tax ("LAT") less deferred taxation during the year. The Group's effective income tax rate increased to 40.8% during the six months ended 30 June 2016 from 30.3% in the corresponding period of last year.

The Group made LAT provisions of approximately RMB305.3 million during the six months ended 30 June 2016 versus approximately RMB196.0 million in the corresponding period of last year. The Group made actual LAT payments of approximately RMB335.5 million during the six months ended 30 June 2016 versus approximately RMB261.9 million in the corresponding period of last year. As at 30 June 2016, the Group had accumulated unpaid LAT provisions of approximately RMB199.6 million.

## **Profit for the period**

As a result of the factors described above, the Group's profit before taxation increased by 35.4% to approximately RMB1,771.9 million during the six months ended 30 June 2016 from approximately RMB1,308.6 million in the corresponding period of last year. The Group's profit and total comprehensive income for the period increased by 15.1% to approximately RMB1,049.4 million during the six months ended 30 June 2016 from approximately RMB911.6 million in the corresponding period of last year. The Group's net profit attributable to equity owners increased by 4.5% to approximately RMB838.5 million during the six months ended 30 June 2016 from approximately RMB802.3 million in the corresponding period of last year.

The Group's core net profit attributable to equity owners increased by 52.2% to approximately RMB948.1 million during the six months ended 30 June 2016 from approximately RMB622.6 million in the corresponding period of last year. The corresponding core net profit margin was 10.8% during the six months ended 30 June 2016, compared to 12.8% in the corresponding period in 2015 and 12.1% in the full year of 2015. The lower core net profit margin recorded in the six months ended 30 June 2016 was merely due to higher upfront payment of selling and marketing expenses incurred due to massive increase in contracted but unrecognized sales. We are confident that once the contracted sales become recognized, the core net profit margin for the full year of 2016 will show significant improvement.

## **LAND BANK**

As at 30 June 2016, the total GFA of the Group's land bank was approximately 13.5 million sq.m., and the attributable GFA of the Group's land bank was approximately 8.7 million sq.m.



**Table 4: Breakdown of the Group's land bank as at 30 June 2016**

*By project*

| <b>Project</b>                                 | <b>Primary Intended use of the project</b> | <b>Remaining unrecognized saleable/Rentable GFA remaining unsold (carpark excluded) (sq.m.)</b> | <b>Interest attributable to the Group (%)</b> |
|--|--|---|---|
| <b>Completed properties</b>                    |  |   |   |
| <i>Yangtze River Delta</i>                     |  |   |   |
| Shanghai CIFI Pujiang International            | Office/Commercial                          | 37,726  | 100.0   |
| Shanghai CIFI Luxury Courtyard                 | Residential                                | 6,837   | 100.0   |
| Shanghai CIFI Comfortable Joyous Bay           |  | 399   | 100.0   |
| Shanghai CIFI Pebble Beach                     | Residential                                | 70,635  | 100.0   |
| Shanghai CIFI Pleasant Garden                  | Residential                                | 9,199   | 100.0   |
| Shanghai CIFI City                             | Residential                                | 14,666  | 100.0   |
| Shanghai CIFI Samite Life                      | Residential                                | 6,738   | 100.0   |
| Shanghai CIFI Jiangwan Mansion                 | Residential                                | 8,284   | 100.0   |
| Shanghai CIFI U Block                          | Office/Commercial                          | 7,448   | 100.0   |
| Shanghai CIFI Arthur Shire                     | Residential                                | 5,718   | 100.0   |
| Shanghai Greenland CIFI E Park                 | Office/Commercial                          | 13,048  | 50.0  |
| Shanghai Elite Mansion                         | Residential                                | 43,540  | 50.0  |
| Shanghai Henderson CIFI Centre                 | Residential, Office/Commercial             | 86,698  | 50.0  |
| Shanghai CIFI Haishang International           | Office/Commercial                          | 2,896   | 53.0  |
| Shanghai CIFI Haishang International           | Investment properties                      | 45,400  | 53.0  |
| Shanghai CIFI Park Mansion (An Ting)           | Residential                                | 48,682  | 67.5  |
| Shanghai CIFI Shilu                            | Residential                                | 1,803   | 100.0   |
| Shanghai CIFI Pure Center                      | Office/Commercial                          | 60,547  | 45.0  |
| Suzhou CIFI Canal County                       | Residential                                | 11,063  | 100.0   |
| Suzhou CIFI Luxury Courtyard                   | Residential                                | 30,826  | 100.0   |
| Suzhou CIFI Private Mansion                    | Residential                                | 10,581  | 100.0   |
| Suzhou CIFI Private Mansion Usonian City Villa |  | 11,247  | 100.0   |
| Suzhou CIFI Elegant City                       | Residential                                | 31,544  | 100.0   |
| Suzhou CIFI Sunny Life                         | Residential                                | 6,837   | 100.0   |
| Suzhou CIFI Apple Paradise                     | Residential                                | 50,679  | 50.0  |
| Hefei CIFI Central Park                        | Residential                                | 1,323   | 100.0   |
| Hefei CIFI Private Mansion                     | Residential                                | 34,122  | 100.0   |
| Zhenjiang CIFI Times                           | Residential                                | 21,594  | 100.0   |
| Jiaxing CIFI Square (Commercial)               | Investment properties                      | 82,600  | 100.0   |
| Jiaxing CIFI Private Mansion                   | Residential                                | 31,462  | 100.0   |
| Jiaxing CIFI Ronchamp Town                     | Residential                                | 85,542  | 100.0   |

| <b>Project</b>                              | <b>Primary Intended use of the project</b> | <b>Remaining unrecognized saleable/Rentable GFA remaining unsold (carpark excluded) (sq.m.)</b> | <b>Interest attributable to the Group (%)</b> |
|---|--|---|---|
| Hangzhou Henderson CIFI Palace              | Residential                                | 91,694  | 100.0   |
| Hangzhou Greenland CIFI Glorious City       | Residential                                | 154,223   | 50.0  |
| <i>Pan Bohai Rim</i>                        |  |   |   |
| Beijing CIFI Wangxin Commercial Centre      | Investment properties                      | 4,900   | 100.0   |
| Beijing CIFI Olympic City                   | Office/Commercial                          | 5,629   | 100.0   |
| Beijing CIFI International Negotiate Garden | Office/Commercial                          | 326   | 100.0   |
| Beijing CIFI Private Villa Riverside Garden | Residential                                | 15,005  | 80.0  |
| Beijing CIFI The Education Park             | Office/Commercial                          | 3,978   | 100.0   |
| Langfang CIFI Path Walf                     | Residential                                | 78,765  | 100.0   |
| Tianjin CIFI Rosedale                       | Residential                                | 108,186   | 100.0   |
| Tianjin CIFI Private Mansion                | Residential                                | 126,307   | 100.0   |
| Tianjin CIFI Paradise Bay                   | Residential                                | 117,383   | 25.0  |
| Shenyang CIFI Private Mansion               | Residential                                | 120,110   | 100.0   |
| <i>Central Western Region</i>               |  |   |   |
| Chongqing CIFI Ronchamp Town                | Residential                                | 59,904  | 100.0   |
| Chongqing CIFI Langyuejun                   | Residential                                | 902   | 100.0   |
| Chongqing CIFI Purple City                  | Office/Commercial                          | 100,456   | 100.0   |
| Changsha CIFI Private Mansion               | Residential                                | 123,167   | 100.0   |
| Changsha CIFI International Plaza           | Residential                                | 82,735  | 100.0   |
| Changsha CIFI Dream Mansion                 | Residential                                | 90,765  | 80.0  |
| Wuhan CIFI Private Mansion                  | Residential                                | 237,562   | 100.0   |
| <i>Other</i>                                |  |   |   |
| Fuzhou CIFI Riverside                       | Residential                                | 3,700   | 100.0   |
| Carparks                                    |  | 1,370,057   |   |
|   |  | <u>3,775,438</u>  |   |

| Project  | Primary Intended use of the project | Estimate Year of completion | Site Area (sq.m.) | Total GFA under development and held for future development (excluding carparks) (sq.m.) | Pre-sold (sq.m.) | Interest attributable to the Group (%) |
|--|-------------------------------------|-----------------------------|-------------------|--|------------------|--|
| <b>Properties under development and held for future development</b>                            |                                     |                             |                   |  |                  |  |
| <i>Yangtze River Delta</i>   |                                     |                             |                   |  |                  |  |
| Shanghai CIFI La Baie D'Evian  | Residential                         | 2017                        | 189,800           | 24,500   | –                | 100.0                                  |
| Shanghai CIFI Park Mansion (Lujiazui Yangjing Project)   | Residential                         | 2016                        | 87,200            | 30,000   | 30,801           | 50.0                                   |
| Shanghai Lujiazui Yangjing Project   | Commercial and office               | 2017                        |                   | 196,700  | –                | 50.0                                   |
| Shanghai CIFI Amber Garden   | Residential                         | 2017                        | 103,900           | 98,900   | 91,706           | 35.0                                   |
| Shanghai Shangkun CIFI Villa   | Residential                         | 2017                        | 61,200            | 61,800   | 50,644           | 50.0                                   |
| Shanghai CIFI the Great City   | Residential                         | 2016-2018                   | 128,100           | 246,200  | 84,123           | 40.0                                   |
| Shanghai Jiuting Center (Songjiang District Jiuting Town Project)                              | Commercial and residential          | 2018-2019                   | 83,400            | 227,100  | –                | 34.0                                   |
| Suzhou CIFI Xiyue  | Residential                         | 2016                        | 21,600            | 47,600   | 49,400           | 100.0                                  |
| Suzhou CIFI Shangli  | Residential                         | 2017                        | 68,000            | 147,100  | 144,321          | 100.0                                  |
| Suzhou CIFI Park Mansion   | Residential                         | 2017                        | 68,000            | 108,000  | 103,174          | 12.5                                   |
| Suzhou Henderson CIFI City   | Residential                         | 2017-2019                   | 171,300           | 394,100  | 201,776          | 50.0                                   |
| Suzhou North Star CIFI No.1 Courtyard  | Residential                         | 2017-2018                   | 178,700           | 180,500  | 67,812           | 50.0                                   |
| Suzhou CIFI Lake Mansion (Industrial Park District Moon Bay Project)                           | Residential                         | 2018                        | 131,000           | 209,700  | –                | 40.0                                   |
| Suzhou Wujiang District Taihu Lake New City  | Residential                         | 2019                        | 96,278            | 173,300  | –                | 100.0                                  |
| Hangzhou Greenland CIFI Glorious City  | Office                              | 2016                        | 58,800            | 31,000   | –                | 50.0                                   |
| Hangzhou Yuhang District Chongxian Xincheng No. 18 Site Project                                | Residential                         | 2017                        | 35,300            | 90,800   | –                | 100.0                                  |
| Hangzhou Longfor CIFI Chunjiang City   | Residential                         | 2017                        | 39,200            | 109,800  | 108,274          | 35.0                                   |
| Hangzhou Shunfa CIFI Honor Mansion   | Residential                         | 2017-2018                   | 55,400            | 98,300   | 51,518           | 30.0                                   |
| Hangzhou CIFI Times City (Yuhang District New City B-4 Project)                                | Commercial and residential          | 2018                        | 54,100            | 129,800  | –                | 100.0                                  |
| Hangzhou Vanke CIFI Luna Sea (Xiaoshan District Baolong Project)                               | Commercial and residential          | 2018                        | 57,600            | 143,900  | –                | 33.0                                   |
| Hangzhou Xiao Shan District, Olympic Park FG16-04 Project                                      | Commercial                          | 2018                        | 29,800            | 86,400   | –                | 100.0                                  |
| Hangzhou Xiaoshan District, Xiaozhengchuchu 2015 – No.32 Project                               | Residential                         | 2018                        | 57,394            | 114,788  | –                | 23.0                                   |
| Hangzhou Yuhang District, Liangzhu New Town, No. 64 Project                                    | Residential                         | 2018                        | 24,596            | 54,111   | –                | 35.0                                   |
| Hangzhou Xiaoshan District, Xianghu 2016-No. 5 Project   | Residential                         | 2018                        | 37,699            | 75,398   | –                | 29.0                                   |
| Hefei CIFI Original Villa  | Residential                         | 2016-2017                   | 199,200           | 206,500  | 206,500          | 100.0                                  |
| Hefei North Star CIFI Park Mansion (Luyang District Project)                                   | Residential                         | 2018-2019                   | 141,700           | 239,000  | –                | 50.0                                   |
| Hefei CIFI Ronchamp Courtyard (New Station District Project)                                   | Residential                         | 2019                        | 99,972            | 235,934  | –                | 22.5                                   |
| Hefei CIFI Lake Betsuin (New Station District Project)   | Residential                         | 2019                        | 151,780           | 399,550  | –                | 41.0                                   |
| Zhenjiang CIFI East One Place  | Residential                         | 2017                        | 49,400            | 146,400  | 116,915          | 100.0                                  |
| Ningbo Yinzhou District Zhonggong Temple Project   | Commercial and residential          | 2018                        | 38,256            | 72,686   | –                | 100.0                                  |
| Nanjing CIFI Jiuzhu  | Residential                         | 2017                        | 17,300            | 51,300   | 40,785           | 100.0                                  |
| Nanjing Yincheng CIFI Baimalanshan   | Residential                         | 2016                        | 81,700            | 109,500  | 66,145           | 51.0                                   |
| Nanjing CIFI Park Mansion Qinhuai (Jiangning District Nanjing South Station West Area Project) | Residential                         | 2018                        | 28,700            | 80,400   | –                | 100.0                                  |
| Nanjing North Star CIFI Park Mansion JinLing   | Residential                         | 2017-2018                   | 25,300            | 70,700   | 26,574           | 49.0                                   |

| Project   | Primary Intended use of the project | Estimate Year of completion | Site Area (sq.m.) | Total GFA under development and held for future development (excluding car parks) (sq.m.) | Pre-sold (sq.m.) | Interest attributable to the Group (%) |
|---|-------------------------------------|-----------------------------|-------------------|---|------------------|--|
| <i>Pan Bohai Rim</i>  |                                     |                             |                   |   |                  |  |
| Beijing MOMA CIFI Residence   | Residential                         | 2016                        | 73,400            | 134,900   | 120,322          | 50.0                                   |
| Beijing Vanke World   | Commercial and office               | 2017                        | 46,924            | 94,800  | 6,003            | 26.5                                   |
| Beijing CIFI No.26 Block  | Commercial and office               | 2017                        | 88,700            | 206,700   | 35,794           | 10.0                                   |
| Beijing CIFI Yihexiang (Daxing District Yinghai Town Jiangchang Cun Project)      | Office                              | 2017                        | 13,500            | 19,000  | –                | 59.5                                   |
| Beijing Longxi CIFI 6th Courtyard   | Commercial and residential          | 2017-2018                   | 158,300           | 266,200   | 78,060           | 20.0                                   |
| Tianjin CIFI Yannan Garden  | Residential                         | 2017-2018                   | 122,600           | 208,500   | 64,082           | 100.0                                  |
| Tianjin Binhai New Area, Sino-Singapore Eco City, 2015-No.3 Project               | Residential                         | 2019                        | 96,089            | 99,900  | –                | 70.0                                   |
| Tianjin Haihe Education Park No. 14 Project                                       | Residential                         | 2019                        | 150,241           | 202,825   | –                | 25.0                                   |
| Shenyang CIFI Jin Court (Tiexi District Xinghua Printing Factory North Project)   | Residential                         | 2018                        | 20,000            | 70,100  | –                | 100.0                                  |
| Shenyang CIFI Fantastic Apartment (Shenhe District Guangchang Road South Project) | Residential                         | 2018                        | 5,340             | 15,487  | –                | 100.0                                  |
| Shenyang Hunnan District GN-GX-07-27 Project                                      | Residential                         | 2018                        | 33,108            | 66,217  | –                | 50.0                                   |
| <i>Central Western Region</i>   |                                     |                             |                   |   |                  |  |
| Chongqing CIFI City   | Residential                         | 2016-2017                   | 192,400           | 448,200   | 169,949          | 100.0                                  |
| Chongqing CIFI City   | Commercial                          | 2016-2017                   |                   | 149,000   | 1,867            | 100.0                                  |
| Chongqing CIFI City   | Investment properties               | 2016-2017                   |                   | 44,300  | –                | 100.0                                  |
| Chongqing Dongyuan CIFI Jiangshan Yue   | Commercial and residential          | 2018-2019                   | 325,600           | 635,700   | 5,163            | 30.0                                   |
| Changsha CIFI International Plaza   | Office                              | 2016                        | 95,400            | 136,800   | –                | 100.0                                  |
| Wuhan Yulong CIFI Peninsula (Hanyang District Hanqiao Village Project)            | Commercial and residential          | 2017-2019                   | 129,900           | 289,000   | –                | 55.0                                   |
| Wuhan Hanyang District, Hanqiao Village Project Section B                         | Commercial and residential          | 2019-2021                   | 103,822           | 481,010   | –                | 55.0                                   |
| <i>Pearl River Delta</i>  |                                     |                             |                   |   |                  |  |
| Guangzhou Liwan District No.111, Baihua Road, Bai Hua Xiang Liao Chang Project    | Residential                         | 2018                        | 31,900            | 143,600   | –                | 19.0                                   |
| <i>Other</i>  |                                     |                             |                   |   |                  |  |
| Fuzhou CIFI Riverside   |                                     |                             |                   |   |                  |  |
| Carpark   |                                     |                             |                   | 1,285,113   | 16,195           |  |
| TOTAL Properties under development and held for future development                |                                     |                             |                   | 9,689,119   |                  |  |
| GRAND TOTAL<br>(Completed, under development and for future development)          |                                     |                             |                   | 13,464,557  |                  |  |

*By region*

|                        | <b>% of total<br/>land bank<br/>by sq.m.<br/>(%)</b> |
|------------------------|--|
| Yangtze River Delta    | 55   |
| Pan Bohai Rim          | 17   |
| Central Western Region | 27   |
| Pearl River Delta      | 1  |
|                        | <hr/>  |
|                        | 100  |
|                        | <hr/>  |

*By type of project*

|                                  | <b>% of total<br/>land bank<br/>by sq.m.<br/>(%)</b> |
|----------------------------------|--|
| Residential projects             | 74   |
| Office-for-sale projects         | 25   |
| Investment properties and others | 1  |
|                                  | <hr/>  |
|                                  | 100  |
|                                  | <hr/>  |

During the six months ended 30 June 2016, the Group purchased interest in a total of 12 new projects. During the period, the Group continued utilizing joint ventures strategies to jointly develop the newly acquired projects.

Total planned GFA of the Group's land acquisition in 2016 amounted to approximately 2.0 million sq.m., out of which 1.0 million sq.m. were attributable to the Group's equity interests. Total contracted consideration of the Group's land acquisition amounted to approximately RMB8,559.9 million, out of which RMB4,649.2 million were payable by the Group according to its equity interests in relevant projects. Based on the Group's attributable GFA acquired and the attributable acquisition considerations, the Group's average land acquisition cost in the first half of 2016 was approximately RMB4,300 per sq.m.

**Table 5: The Group's land acquisition in the first half of 2016**

| City  | Project  | Intended Primary Use   | The Group's equity interest (%) | Site area (sq.m.) | Planned GFA (excluding carparks) (sq.m.) | Attributable planned GFA (excluding carparks) (sq.m.) | Total consideration (RMB) | Attributable consideration (RMB) | Average land cost (excluding carparks) (RMB/sq.m.) |
|---|--|------------------------|---------------------------------|-------------------|--|---|---------------------------|----------------------------------|--|
| <b>Land acquisition from January to June 2016</b>   |  |                        |                                 |                   |  |   |                           |                                  |  |
| Hangzhou  | Xiaoshan District Xiaozhengchuchu 2015-No. 32 Project                          | Residential            | 23.0                            | 57,400            | 114,800                                  | 26,400  | 673,000,000               | 154,790,000                      | 5,863  |
| Tianjin   | Binhai New Area Sino-Singapore Eco City 2015-No. 3 Project                     | Residential            | 70.0                            | 96,100            | 99,900                                   | 69,900  | 256,568,000               | 179,600,000                      | 2,568  |
| Hangzhou  | Yuhang District Liangzhu New Town No. 64 Project                               | Residential            | 35.0                            | 24,600            | 54,100                                   | 18,900  | 270,880,000               | 94,808,000                       | 5,006  |
| Shenyang  | CIFI Fantastic Apartment (Shenhe District Guangchang Road South Project)       | Residential            | 100.0                           | 5,300             | 15,500                                   | 15,500  | 62,680,000                | 62,680,000                       | 4,047  |
| Tianjin   | Jinnan District Haihe Education Park No. 14 Project                            | Residential            | 25.0                            | 150,200           | 202,800                                  | 50,700  | 902,000,000               | 225,500,000                      | 4,447  |
| Hangzhou  | Xiaoshan District Xianghu 2016-No. 5 Project                                   | Residential            | 29.0                            | 37,700            | 75,400                                   | 21,900  | 681,000,000               | 197,490,000                      | 9,032  |
| Hefei   | CIFI Ronchamp Courtyard (New Station District Project)                         | Residential            | 22.5                            | 100,000           | 235,900                                  | 53,100  | 535,000,000               | 120,375,000                      | 2,268  |
| Hefei   | CIFI Lake Betsuin (New Station District Project)                               | Residential            | 41.0                            | 151,800           | 399,600                                  | 163,836   | 910,680,000               | 373,379,000                      | 2,279  |
| Wuhan   | Hanyang District Hanqiao Village Project Section B                             | Residential/Commercial | 55.0                            | 103,800           | 481,000                                  | 264,600   | 2,164,550,000             | 1,190,503,000                    | 4,500  |
| Shenyang  | Hunnan District Hunnan GNGX-07-27 Project                                      | Residential            | 50.0                            | 33,100            | 66,200                                   | 33,100  | 106,940,000               | 53,470,000                       | 1,615  |
| Ningbo  | Yinzhou District Zhonggong Temple Project                                      | Residential/Commercial | 100.0                           | 38,300            | 72,700                                   | 72,700  | 769,020,000               | 769,020,000                      | 10,578   |
| Suzhou  | Wujiang District Taihu Lake New City Project                                   | Residential            | 100.0                           | 96,300            | 173,300                                  | 173,300   | 1,227,540,000             | 1,227,540,000                    | 7,083  |
| <b>Land acquisition subsequent to 30 June 2016 (and up to the date of the interim results announcement)</b> |  |                        |                                 |                   |  |   |                           |                                  |  |
| Shanghai  | Shanghai Baoshan District Luodian Town Meiluo Jiayuan Community No. 01 Project | Commercial/Office      | 25.0                            | 30,185            | 45,278                                   | 11,320  | 181,000,000               | 45,250,000                       | 3,998  |
| Shanghai  | Shanghai Minhang District Xinzhuang Town Min Hang New Town Project             | Commercial/Office      | 100.0                           | 15,726            | 51,895                                   | 51,895  | 590,000,000               | 590,000,000                      | 11,369   |
| Shanghai  | Shanghai Putuo District Changshou Community D5-6 Project                       | Commercial/Office      | 50.0                            | 11,648            | 45,427                                   | 22,714  | 1,005,000,000             | 502,500,000                      | 22,123   |
| Foshan  | Foshan San Shui New Town Huijin Project  | Residential/Commercial | 100.0                           | 114,319           | 285,796                                  | 285,796   | 528,720,000               | 528,720,000                      | 1,850  |
| Foshan  | Foshan San Shui New Town Huaxiang Project                                      | Residential/Commercial | 100.0                           | 134,001           | 268,002                                  | 268,002   | 415,400,000               | 415,400,000                      | 1,550  |

## LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

### Cash position

The Group had cash and bank balances of approximately RMB16,538.8 million (31 December 2015: approximately RMB14,873.7 million) and pledged bank deposits of approximately RMB31.5 million (2015: RMB31.5 million).

## Indebtedness

As at 30 June 2016, the Group had outstanding total borrowings amounted to approximately RMB25,569.9 million (31 December 2015: RMB23,954.9 million), comprising bank and other loans of approximately RMB14,124.1 million (31 December 2015: RMB11,657.9 million), onshore corporate bonds with a carrying amount of RMB6,156.0 million (31 December 2015: RMB4,021.0 million) and offshore senior notes with a carrying amount of RMB5,289.8 million (31 December 2015: RMB8,276.0 million).

**Table 6: Breakdown of indebtedness**

*By type of borrowings and maturity*

|  | At<br>30 June<br>2016<br>RMB'000 | At<br>31 December<br>2015<br>RMB'000 |
|--|----------------------------------|--------------------------------------|
| <b>Onshore bank loans</b>              |                                  |                                      |
| Within one year                        | 634,000                          | 2,793,500                            |
| Over one years and within two years    | 2,063,585                        | 2,101,200                            |
| Over two years and within three years  | 3,933,380                        | 2,772,900                            |
| Over three years and within four years | 550,900                          | –                                    |
| Over four years and within five years  | –                                | 954,700                              |
| Over five years                        | 516,392                          | 546,569                              |
| <b>Subtotal</b>                        | <b>7,698,257</b>                 | <b>9,168,869</b>                     |
| <b>Onshore corporate bonds</b>         |                                  |                                      |
| Within one year                        | 2,033,188                        | –                                    |
| Over four years and within five years  | 4,122,853                        | 4,021,032                            |
| <b>Subtotal</b>                        | <b>6,156,041</b>                 | <b>4,021,032</b>                     |
| <b>Offshore bank loans</b>             |                                  |                                      |
| Within one year                        | 626,969                          | –                                    |
| Over one year and within two years     | 2,926,747                        | 1,467,881                            |
| Over two years and within three years  | 2,872,149                        | 1,021,153                            |
| <b>Subtotal</b>                        | <b>6,425,865</b>                 | <b>2,489,034</b>                     |
| <b>Offshore senior notes</b>           |                                  |                                      |
| Over two years and within three years  | 2,658,048                        | 3,096,327                            |
| Over three years and within four years | 2,631,705                        | 2,624,258                            |
| Over four years and within five years  | –                                | 2,555,373                            |
| <b>Subtotal</b>                        | <b>5,289,753</b>                 | <b>8,275,958</b>                     |
| <b>TOTAL</b>                           | <b>25,569,916</b>                | <b>23,954,893</b>                    |

*By currency denomination*

|                                    | At<br>30 June<br>2016<br><i>RMB'000</i> | At<br>31 December<br>2015<br><i>RMB'000</i> |
|------------------------------------|---|---|
| Analysis of borrowings by currency |   |   |
| – Denominated in RMB               | <b>14,128,682</b>                       | 13,458,603                                  |
| – Denominated in USD               | <b>9,122,912</b>                        | 8,965,013                                   |
| – Denominated in HKD               | <b>2,318,322</b>                        | 1,531,277                                   |
|                                    | <b><u>25,569,916</u></b>                | <b><u>23,954,893</u></b>                    |

*By fixed or variable interest rates*

|                         | At<br>30 June<br>2016<br><i>RMB'000</i> | At<br>31 December<br>2015<br><i>RMB'000</i> |
|-------------------------|---|---|
| Fixed interest rates    | <b>13,433,794</b>                       | 13,782,490                                  |
| Variable interest rates | <b>12,136,122</b>                       | 10,172,403                                  |
|                         | <b><u>25,569,916</u></b>                | <b><u>23,954,893</u></b>                    |

*Secured versus unsecured*

|                      | At<br>30 June<br>2016<br><i>RMB'000</i> | At<br>31 December<br>2015<br><i>RMB'000</i> |
|----------------------|---|---|
| Secured borrowings   | <b>7,997,402</b>                        | 9,461,819                                   |
| Unsecured borrowings | <b>17,572,514</b>                       | 14,493,074                                  |
|                      | <b><u>25,569,916</u></b>                | <b><u>23,954,893</u></b>                    |



## **Cost of borrowings**

The Group's total finance costs expensed and capitalized in first half of 2016 was approximately RMB860.3 million, representing an increase of 22.3% from RMB703.7 million in first half of 2015. The increase was due to the increase of the Group's total indebtedness level, but partly set off by the decrease in weighted average cost of indebtedness.

The Group's weighted average cost of all indebtedness (including bank and other loans, onshore corporate bonds and offshore senior notes) as at 30 June 2016 was 5.8%, compared to 7.2% as at 31 December 2015. The decrease in weighted average cost of indebtedness during the year was primarily attributable to the effective liability management exercised by the Group.

## **Foreign currency risk**

The Group conducts its business primarily in Renminbi. The Group's certain bank deposits are denominated in Hong Kong dollars and United States dollars, and the majority of the Group's offshore bank loans and senior notes are denominated in United States dollars and Hong Kong dollars.

Starting in early 2016, the Group adopts a hedging policy to actively manage its currency risk exposure concerning non-RMB denominated indebtedness. The Group may, depending on the circumstances and trend of currency rates, consider and enter into hedging arrangements to mitigate the impact of RMB depreciation.

It is the Group's policy to utilize the most appropriate and cost effective hedging instruments to hedge its currency risk exposure of non-RMB denominated indebtedness. The Group's hedging arrangements shall, to the extent possible, match the value and the maturity of the relevant non-RMB denominated indebtedness being hedged.

Based on the above policy, the Group had entered into US dollar versus offshore RMB capped forward contracts to hedge certain of its foreign currency exposure in non-RMB denominated indebtedness. Under such currency capped forward contracts, on the expiry date:

- if the then prevailing US dollar versus offshore RMB exchange rate (“Expiry Rate”) is less than or equal to the pre-specific capped rate (“Capped Rate”), the Group shall buy the contract amount of US dollar against offshore RMB at the pre-specified contract rate (“Strike Rate”); or
- if the Expiry Rate is greater than the Cap Rate, the Group shall receive the amount of relevant depreciation amount of offshore RMB against US dollar up to the Cap Rate (“Capped Amount”).

The capped forward contracts utilized by the Group had contract values and expiry dates matching the outstanding amounts and maturity dates of the specific US dollar or Hong Kong dollar denominated indebtedness being hedged. These capped forward contracts enable the Group to lock-in to the relevant pre-specified Strike Rate of US dollar versus RMB exchange rate for the repayment of its outstanding non-RMB denominated indebtedness. However, the Group's protection against RMB depreciation will be limited up to the extent of the relevant Capped Rates. As at 30 June 2016, the Group had entered into capped forward contracts with an aggregate contract value of US\$698 million at Capped Rates of 6.9 and 7.0.

Other than those disclosed above, the Group did not have any other material exposures to foreign exchange fluctuations or any other hedging arrangements as at 30 June 2016. The Group will monitor its foreign currency exposure closely and may, depending on the circumstances and trend of foreign currencies, consider adjusting its foreign currency hedging policy in the future.

### **Financial guarantees**

The Group has provided mortgage guarantees to PRC banks in respect of the mortgage loans provided by the PRC banks to the Group's customers. The Group's mortgage guarantees are issued from the dates of grant of the relevant mortgage loans and released upon the earlier of (i) the relevant property ownership certificates being obtained and the certificates of other interests with respect to the relevant properties being delivered to the mortgagee banks, or (ii) the settlement of mortgage loans between the mortgagee banks and the Group's customers. As at 30 June 2016, the Group provided mortgage guarantees in respect of mortgage loans provided by the PRC banks to the Group's customers amounting to approximately RMB6,192.0 million (versus 31 December 2015: approximately RMB3,644.2 million).

During the period, the Group's joint venture companies in respect of the development Hangzhou Greenland CIFI Glorious City and Shanghai Lujiazui Yangjing project have utilized offshore and onshore bank loans. The Company provided guarantees on several basis covering its respective equity shares of outstanding obligations under certain offshore and onshore bank loans incurred by the joint venture companies developing these projects. As at 30 June 2016, the Group's aggregate share of such guarantees provided in respective of loans incurred by these joint ventures amounted to approximately RMB2,120.9 million (31 December 2015: RMB2,744.2 million).

### **Gearing ratio**

The Group's net debt-to-equity ratio (total indebtedness net of bank balances and cash divided by total equity) was approximately 57.4% as at 30 June 2016 versus approximately 59.2% as at 31 December 2015. The Group's debt-to-asset ratio (total indebtedness divided by total assets) was approximately 34.3% as at 30 June 2016 versus approximately 35.5% as at 31 December 2015. The Group's current ratio (current assets divided by current liabilities) was approximately 1.7 times as at 30 June 2016 versus approximately 1.8 times as at 31 December 2015.

## **HUMAN RESOURCES AND COMPENSATION POLICY**

As at 30 June 2016, the Group's property development and property investment business had approximately 2,400 full-time employees in China including Hong Kong, out of them, approximately 2,300 employees worked for the property development business, approximately 100 for the commercial property leasing and management business. In addition, the Group's property management business also had approximately 3,000 full-time employees in China.

The Group remunerates its employees based on their performance, working experience and the prevailing market wage level. The total remuneration of the employees consisted of basic salary, cash bonus and share-based incentives.

## **PAYMENT OF INTERIM DIVIDEND**

The Board declared payment of an interim dividend for the six months ended 30 June 2016 of RMB3.42 cents per share (or equivalent to HK 4 cents per share based on the average middle rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the five business days preceding the date of declaration of such dividend). Based on the total number of issued shares of the Company as at the date of this announcement, the interim dividend for the six months ended 30 June 2016 amounts to approximately HK\$268.3 million (approximately RMB229.4 million). The interim dividend will be paid on or about Tuesday, 11 October 2016 to the shareholders whose names appear on the register of members of the Company on Friday, 30 September 2016.

## **CLOSURE OF THE REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 28 September 2016 to Friday, 30 September 2016, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 27 September 2016.

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

During the Relevant Period, the Company purchased a total of 18,500,000 shares of the Company on the Stock Exchange at an aggregate consideration of approximately HK\$26,086,000 and all the 18,500,000 repurchased shares were cancelled on delivery of the share certificates. The repurchases were effected by the Directors for the enhancement of shareholders' value. Details of the repurchases are as follow:

| Month        | Total number<br>of shares | Highest price<br>paid per share<br>HK\$ | Lowest price<br>paid per share<br>HK\$ | Approximate<br>aggregate<br>consideration<br>HK\$ |
|--------------|---------------------------|---|--|---|
| January 2016 | 18,500,000                | 1.45                                    | 1.37                                   | 26,086,000  |
|              | <u>18,500,000</u>         |   |  | <u>26,086,000</u>                                 |

During the Relevant Period, a wholly-owned subsidiary of the Company repurchased an aggregate principal value of US\$10,000,000 of the 2018 Due USD Bonds for an aggregate consideration (before accrued interest) of US\$10,811,500 and cancellation of the repurchased 2018 Due USD Bonds was completed.

All the outstanding 2018 Due USD Bonds were fully redeemed by the Company ahead of maturity and delisted from the Stock Exchange in April 2016.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Relevant Period under review.

## CORPORATE GOVERNANCE PRACTICES

The Board is of opinion that the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the Relevant Period.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct of dealings in securities of the Company by the Directors. Upon specific enquiries of all the Directors, each of them have confirmed that they complied with the required standards set out in the Model Code during the Relevant Period.

## REVIEW OF INTERIM RESULTS

The audit committee of the Company (the "Audit Committee") consists of three independent non-executive Directors, Mr. TAN Wee Seng (being the chairman of the Audit Committee), Mr. GU Yunchang and Mr. ZHANG Yongyue. The Company's unaudited condensed consolidated interim results and financial report for the six months ended 30 June 2016 have been reviewed by the Audit Committee, which opines that applicable accounting standards and requirements have been complied with and that adequate disclosures have been made.

## **THE BOARD OF DIRECTORS**

As at the date of this announcement, the Board comprises Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng as executive Directors; and Mr. GU Yunchang, Mr. ZHANG Yongyue and Mr. TAN Wee Seng as independent non-executive Directors.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT ON WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY**

This interim results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.cifi.com.cn](http://www.cifi.com.cn). The 2016 interim report will be dispatched to shareholders of the Company and available on the above websites in due course.

By order of the Board  
**CIFI Holdings (Group) Co. Ltd.**  
**LIN Zhong**  
*Chairman*

Hong Kong, 17 August 2016

### *Notes:*

*The expression “we”, “us”, “CIFI” and “Company” may be used to refer to our Company or our Group as the context may require.*

*References to our “land bank”, “development projects”, “property projects” or “projects” refer to our property projects with land for which we have obtained land-use rights and property projects for which we have not obtained land-use rights but have entered into the land grant contracts or received successful tender auction confirmations as at the relevant dates.*

*The site area information for an entire project is based on the relevant land use rights certificates, land grant contracts or tender documents, depending on which documents are available. If more than one document is available, such information is based on the most recent document available.*

*The figures for GFA are based on figures provided in or estimates based on the relevant governmental documents, such as the property ownership certificate, the construction work planning permit, the pre-sale permit, the construction land planning permit or the land use rights certificate.*