

Stock Code: 000505, 200505

Stock Name: *ST Pearl River A, *ST Pearl River B

Announcement No. 2016-067

HaiNan Pearl River Holdings Co., Ltd. Abstract of Semi-annual Report 2016

1. Important notes

The Abstract is based on the full text of the semi-annual report. For more details, investors are suggested to read the full text disclosed at the same time with the Abstract on <http://www.cninfo.com.cn>, the website of the Shenzhen Stock Exchange or any other websites designated by the CSRC.

The Abstract has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

Corporate profile

Stock name	*ST Pearl River A, *ST Pearl River B	Stock code	000505, 200505
Stock exchange	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
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2. Financial highlights and shareholder changes

(1) Financial highlights

Whether the Company performs any retroactive adjustments to or restatements of its accounting data of last year due to change in accounting policies or correction of accounting errors

Yes No

	Reporting Period	Same period of last year	+/- (%)
Operating revenues (RMB)	149,032,528.40	136,117,829.19	9.49%
Net profit attributable to shareholders of the Company (RMB)	-47,370,594.88	21,492,625.03	-320.40%
Net profit attributable to shareholders of the Company excluding exceptional profit and loss (RMB)	-85,764,505.67	-103,796,313.13	17.37%
Net cash flows from operating activities (RMB)	161,345,565.54	-94,962,794.82	269.90%
Basic earnings per share (RMB/share)	-0.11	0.05	-320.00%
Diluted earnings per share (RMB/share)	-0.11	0.05	-320.00%
Weighted average return on equity (%)	0.00%	0.00%	0.00%
	As at the end of the Reporting Period	As at the end of last year	+/- (%)
Total assets (RMB)	1,790,195,248.41	1,714,444,000.65	4.42%
Net assets attributable to shareholders of the Company (RMB)	-264,507,464.03	-217,136,869.15	-21.82%

(2) Shareholdings of the top 10 ordinary shareholders

Unit: share

Total number of ordinary	35,610
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shareholders at the end of the Reporting Period		Shareholdings of the top 10 ordinary shareholders				
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of ordinary shares held	Number of restricted ordinary shares held	Pledged or frozen shares	
					Status	Number
Beijing Wanfa Real Estate Development Co., Ltd.	State-owned corporation	26.36%	112,479,478			
Li Leon Zhan Wei	Foreign individual	2.63%	11,215,043			
Yao Xiu Guang	Foreign individual	2.31%	9,850,128			
Chongqing International Trust Co., Ltd.—Yuxin Innovation Advantage No. 11 Assembled Funds Trust	Domestic non-state-owned corporation	1.83%	7,827,463			
Chen Huanan	Domestic individual	0.66%	2,802,117			
Xu Zhen	Domestic individual	0.58%	2,462,300			
Beijing Shen Zhou Mu Investment Fund Management Co., Ltd.—Hongyan Shen Zhou Mu Fund	Domestic non-state-owned corporation	0.55%	2,343,818			
Yao Liyuan	Foreign individual	0.47%	2,005,600			
Zhang Xiaoxia	Domestic individual	0.46%	1,949,250			
Beijing Shen Zhou Mu Investment Fund Management Co., Ltd.—Shangshan Shen Zhou Mu No. 5 Securities Investment Fund	Domestic non-state-owned corporation	0.42%	1,795,300			
Related or act-in-concert parties among the shareholders above	Among shareholders above, there exists no related-party relationship between the principal shareholder and other shareholders of the Company. Nor they are parties with concerted action as prescribed in the Information Disclosure Administrative Methods for Changes in Shareholding of Shareholders of Listed Companies. And it is unknown whether there is related-party relationship among other shareholders and whether they are prescribed parties with concerted action.					

(3) Shareholdings of the top 10 preference shareholders

Applicable Not applicable

No such cases in the Reporting Period.

(4) Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

Change of the actual controller in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

3. Discussion and analysis by the management

In the first half of 2016, we carried out a series of plans to maintain our listed position. We initiated the procedure for transferring equity interests of our hotel in Sanya, beefed up the construction and marketing of our Meilin Qingcheng Phase III project in the Hubei Province, acquired the Huilong Shanzhuang real estate project in Chengde, Hebei Province, and repaid the loans from Chongqing International Trust Co., Ltd. and the Bank of China. Meanwhile, all our subsidiaries worked hard to increase income and reduce expenditure. However, due to the fact that these measures were still in progress, we have failed to turn around for the first half of the year.

As at 30 June 2016, our unaudited total assets stood at RMB1.79 billion, and the unaudited net assets attributable to our shareholders stood at RMB-263 million. For January-June 2016, we achieved operating revenues of RMB149 million and net profit of RMB-46.61 million.

A. Operation review for the Reporting Period:

a. During the Reporting Period, the sales of Phase III of Hubei Meiling Qingcheng Project was quite well that totally completed the sales area of 21,133 square meter with 210 sets of commercial residential buildings and sales volume of RMB285.01 million. There were 33 underground parking spaces of Phase I rented with the rental of RMB5.47 million. And the Company expected to realize the recognition plan of the sales revenue at the year-begin of RMB750 million.

b. The business season of the Snow Town of the controlling shareholder, Mudanjiang Tourist Development Group in 2016 was from January to March and since April, the Group went out of business after the snow season. The realized operating income of the business season of the first half year was of RMB14.2779 million with the required revenues from transferring the subsidiary Longshi Zhujiang of RMB38.1556 million and the net profits of RMB23.9142 million as well as realized the safety without accidents work target in the aspects such as the staffs, vehicles,

equipments facilities and fire fighting.

The operating income of Days Hotel and Suites Sanya Resort of the first half year in Y2016 was of RMB12.3896 million with the gross margin of RMB1.6 million. Owing to the tourists resources competition of the hotels in Sanya became fiercer and fiercer and the equipments as well as the facilities of the hotel getting older and older, the Company had decided to transfer the hotel in whole.

c. Property management: up to the end of June, the management projects of the property company involved with the areas such as Haikou, Qionghai, Wenchang, Lingao, Baoting, Sanya, Changsha, Wuhan, Nanning, Zhengzhou and so on with 86 management projects, over 7.5 million square meter comprehensive management area, of which there were 66 residential projects and 14 office projects. . In terms of the structure of the project, the percentage of the residence projects was of 80%, while under the situation of the unraised property fee of more than ten years but the operating cost increased by twofoldness, the profit sources of the residence projects became smaller even was in the loss state. The property company realized the operating income of RMB117.1001 million of the first half year in Y2016, with the operating cost of RMB117.1597 million, the sales tax of RMB11.5184 million and the realized profits of RMB-0.1014 million.

d. For repaying the schuldenberg for Chongqing ITIC, the Board of Directors of the Company approved to execute the public listing and transfer of the equities of Sanya Wanjia Hotel Management Co., Ltd. on 29 January 2016 and approved to sale three villa properties which attributed to the Company on 16 June 2016. On 23 June 2016, the equity evaluation report received the verification from Beijing State Capital Office with the equity evaluation value of RMB68.4 million. And the Company executed the preliminary listing since 20 July 2016 in China Beijing Equity Exchange, of which the preliminary quotation had completed at present with the listing procedures were being managing. The listing events of the Company were expected to be completed in the middle of September in 2016. If the equity transfer of Sanya Hotel and the sales of three villas could be completed with the transfer procedures done before the year-end of 2016, would increase the net profits and the net assets by RMB0.16 billion for the Company in Y2016.

e. 26 April 2016, the Board of Director of the Company approved transferring investment of the coal logistics project of Mulin Town into purchase of Chengde Huilong Town project. Pearl River Holdings and Zhonghe Investment Co., Ltd. in 2012 was unable to continue, due to the change of state policies to the energy and significant change in the coal market, the Company through several negotiations with Zhonghe Investment Co., Ltd., Zhonghe Investment Co., Ltd. agreed to transfer 60% of its holding of 100% equity of Chengde Dongda Property Development Co., Ltd. (Chengde Huilong Town project) to the Company, and used to deduct the investment income to our Company. On 20 May 2016, the Company had completed the purchase of 60% equity of Chengde Dongda Property Development Co., Ltd. The Company will raise construction fund of the project together with the bank and financial institutions, and continued to complete the construction of Huilong

Town project. The property development project is expected to bring continuous profits for recent three years.

f. From 3 May 2015, under the leading of Beijing State Capital Office, the substantial shareholder and actual controller Beijing Xinxing Company and Beijing Grain Group started to conduct significant assets recombination, the stock of the Company suspended since 3 May 2016. The significant assets recombination including three transactions: significant asset replacement, purchase assets by issuing shares and related mechanism of financing. Due to the head of Beijing Xinxing Property Development Co., Ltd. and Beijing Grain Group are all under the control of Beijing State Capital Office, the significant assets recombination was related transaction. On 29 July 2016, the Board of the Company reviewed and approved the preplan of recombination. At present, the audit, recognition of the evaluation of the relevant assets and the reply to the SZSE were under processing.

4. Matters related to financial reporting

(1) Explain any changes in the accounting policies, accounting estimates and measurement methods as compared with the financial reporting of last year

Applicable Not applicable

No such cases in the Reporting Period.

(2) Explain any retroactive restatements due to correction of significant accounting errors in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

(3) Explain any changes in the consolidation scope as compared with the financial reporting of last year

Applicable Not applicable

No such cases in the Reporting Period.

(4) Explanation of the Board of Directors and the Board of Supervisors concerning the “non-standard” auditor’s report issued by the CPAs firm for the Reporting Period

Applicable Not applicable

Hainan Pearl River Holding Company Limited

31August 2016