



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

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

INTERIM REPORT **2017**

\* For identification purposes only

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# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. KWOK Ying Shing *(Chairman)*  
Mr. SUN Yuenan *(Vice Chairman)*  
Mr. YU Jianqing  
Mr. ZHENG Yi  
Mr. MAI Fan

### Non-Executive Director

Ms. CHEN Shaohuan

### Independent Non-Executive Directors

Mr. RAO Yong  
Mr. ZHANG Yizhao  
Mr. LIU Xuesheng

## AUDIT COMMITTEE

Mr. RAO Yong *(Chairman)*  
Mr. ZHANG Yizhao  
Ms. CHEN Shaohuan

## REMUNERATION COMMITTEE

Mr. ZHANG Yizhao *(Chairman)*  
Mr. RAO Yong  
Mr. KWOK Ying Shing

## NOMINATION COMMITTEE

Mr. KWOK Ying Shing *(Chairman)*  
Mr. RAO Yong  
Mr. ZHANG Yizhao

## AUTHORISED REPRESENTATIVES

Mr. SUN Yuenan  
Mr. YU Jianqing

## COMPANY SECRETARY

Mr. HABIBULLAH ABDUL Rahman

## REGISTERED OFFICE

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

## HEADQUARTERS IN THE PRC

Room 3306, Kerry Center  
Ren Min Nan Road  
Luohu  
Shenzhen  
China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

## PRINCIPAL BANKERS

Bank of China Limited  
Industrial and Commercial Bank of China Limited  
Ping An Bank Company Limited  
China Citic Bank Corporation Limited

## **LEGAL ADVISERS**

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

Sidley Austin

### **As to PRC law:**

King & Wood Mallesons

### **As to Cayman Islands law:**

Harney Westwood & Riegels

## **AUDITORS**

Grant Thornton Hong Kong Limited

## **LISTING INFORMATION**

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

## **COMPANY'S WEBSITE**

<http://www.kaisagroup.com>

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Kaisa Group Holdings Ltd. ("**Kaisa**" or the "**Company**", together with its subsidiaries, the "**Group**"), I present the results of the Group for the six months ended 30 June 2017 together with the comparative figures for the previous corresponding period.

## RESULTS AND DIVIDEND

For the period under review, the Group's turnover and gross profit reached approximately RMB8,586.8 million and RMB2,858.6 million, representing increase of approximately 71.8% and 224.5% over the corresponding period of last year, respectively. Profit attributable to equity holders and basic earnings per share amounted to approximately RMB1,890.6 million and RMB36.8 cents, representing decrease of approximately 25.3% and 25.4% as compared to the corresponding period of last year, respectively.

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2017 (2016: nil).

## BUSINESS REVIEW

### The Property Market and Policies

During the first half of 2017, the Chinese government continued its policies on property market regulation, with specific localised measures to cope with the different market conditions of the cities, namely, increasing land supply in cities where housing prices have been surging and decreasing or even halting land supply in cities where there is serious housing surplus. The market saw continued tightening of credit. Such targeted measures encompass restrictions on purchase and sales of properties, price controls and the tightening of credit in the key cities. As a result, the property markets of first- and key second-tier cities saw the volume of business shrink and the property prices stabilised. Meanwhile, with the support of the government policies that facilitated inventory clearance, the property markets of the third- and fourth-tier cities absorbed the overflow of capital from the first- and second-tier cities that sought opportunities for investment.

On the land market, a total of 459.67 million square metres ("**sq.m.**") of land was put up for sales in 300 cities in China in the first half of 2017, and 381.96 million sq.m. of the lands changed hand, according to the data published by China Index Academy. The aggregate land transaction value surged by 37% year-on-year to RMB1.5055 trillion, and the average transaction price rose by 39% year-on-year to RMB2,242 per sq.m. As the land market continued to overheat, regulatory measures were stepped up in key cities, which were subject to price controls through limits imposed on land prices and innovative forms of land auction.

Under this market condition, the Group formulated flexible sales strategies by taking considerations of its existing property projects and the characteristics of different cities' property markets. As a result, the Group achieved rapid turnover while ensuring reasonable profit. On the other hand, the Group built on its accumulated experience and advantage in the property markets and grasped the pace of the market development by replenishing its land bank through tenders, auctions, bids for lands in the listings posted by the government, acquisition of equity stakes and participation in urban redevelopment, laying a solid foundation for its sustainable development in the future.

### Contracted Sales

For the six months ended 30 June 2017, the Group achieved an aggregate contracted sales value of approximately RMB22,460 million, representing a year-on-year increase of 62.6%. Sales at Pearl River Delta and Yangtze River Delta contributed to 54% and 22% respectively of the aggregate contracted sales. Focusing on the first- and key second-tier cities has been the Group's strategy and it has yielded results. Sales in first-tier cities, including Shenzhen, Shanghai and Guangzhou, accounted for nearly 60% of the total contracted sales. In particular, property projects such as Shenzhen Kaisa City Plaza, Shenzhen Kaisa Qianhai Plaza and Shanghai Kaisa Monarch Residence had the most outstanding sales performance. According to the "2017 1H TOP 200 Real Estate Enterprise Property Developers" jointly published by China Real Estate Information Corp ("CRIC") and China Real Estate Appraisal Center, Kaisa ranked 40th in terms of contracted sales value, up by six places from the end of 2016.

### Land Acquisition

For the first half of 2017, the Group acquired lands with total gross floor area of approximately 1.91 million sq.m. for approximately RMB5,533 million to replenish its land bank, which translates into an average land cost of RMB2,893 per sq.m..

During the period under review, aiming to enhance its competitive strength in the major cities in the Pearl River Delta and to capitalise on the opportunities raised from the development of the Guangdong-Hong Kong-Macau Greater Bay Area, the Group continued to penetrate its existing presence in Shenzhen, Guangzhou, Huizhou, Dongguan, Zhuhai and Foshan. As at 30 June 2017, approximately 55% of the Group's land bank was located in the Guangdong-Hong Kong-Macau Greater Bay Area. Meanwhile, the Group also actively replenished its land bank in key cities in Yangtze River Delta such as Shanghai, Nanjing, Suzhou and Shaoxing. During the period under review, the Group made its first foray into the property market of Zhengzhou, the provincial capital of Henan, which enhanced its business presence in the surrounding areas of Beijing.

As at 30 June 2017, the Group had a total land bank of approximately 21.6 million sq.m., of which nearly 80% was located in first- and key second-tier cities.

Building on its rich experience in property execution for many years, its professional team and good reputation, the Group continued to seek opportunities for developing urban renewal projects in major cities such as Shenzhen, Guangzhou, Zhuhai and Shanghai, and even expanded its footprints into other key cities nationwide. Meanwhile, it also actively secured land supply from its major urban renewal projects. During the period under review, the Group secured land supply for the redevelopment projects such as Shenzhen Kaisa Future City, Shenzhen Pinghu Kaisa Plaza and Shenzhen Yantian City Plaza, which provides high-quality lands at low costs to support the Group's development in the future.

### Building up the Portfolio of Businesses

China's first- and key second tier-cities have gradually entering into an era when the volume of second-hand property transactions exceeds that of new flats, and this has stimulated the demand for real estate services. Real estate enterprises are increasingly playing their dual role of urban constructor and urban ancillary services provider. To capitalise on this trend, during the period under review, the Group continued to further develop its businesses of culture and leisure, technology and mega-health, etc. The Group believes that its portfolio of businesses can help the Company to integrate its various businesses and strengthen its core competitiveness in project development and operation, thus transforming it from a conventional real estate developer into a provider of real estate services.

## Financing and Capital Market

During the period under review, the Group explored various financing channels. In June 2017, the Group completed an exchange offer (the "Exchange Offer"). Approximately US\$2,657.9 million of the Existing Series A-E Notes have been tendered for exchange with the exchange ratio exceeding 93%. This demonstrated the international capital market's wide recognition on Kaisa's prospects. The Group concurrently issued additional new senior notes of approximately US\$792.1 million, which form a single series with the ones in the Exchange Offer. Through this transaction, the term of the repayment of the Group's liabilities denominated in foreign currencies has been extended, thus strengthening the Group's cash flow management.

In terms of onshore financing, leveraging the Company's premium projects located in first-tier and major second-tier cities, the Group continued to deepen its cooperation with major banks, providing the capital foundation for future development.

Kaisa's business value is also well recognised by the capital market. The Group was included in a list of constituent stocks of the MSCI China Small Cap Indexes on 1 June 2017. Following that, Kaisa has been selected as a constituent of the Hang Seng Composite Index, Hang Seng Stock Connect Hong Kong Index, Hang Seng Stock Connect Hong Kong Mid Cap & Small Cap Index and Hang Seng Stock Connect Hong Kong Small Cap Index, with effective from 4 September 2017.

## Investor Relations

The Group strives to reach high level corporate governance and raise corporate transparency. Apart from regulatory filings and announcements, the Group also maintains effective communication with its shareholders and investors through such formats as monthly corporate newsletters, investor meetings and site visits to the Group's projects, etc. in order to update them on the Company's latest developments. The Group values inputs from investors, and reviews its operational and financial management from time to time.

## Prospect

In the second half of 2017, the country's monetary policy is expected to focus even more on the steady growth of the real economy. Regulations with specific localised measures and category-specific guidance on the property market will gradually deepen. In the long-term, with the promulgation of the relevant policies such as parallel development of housing for lease and for sale as well as equal rights between tenants and owners, the government will speed up the development of property lease market and further promote the healthy and steady growth of the property market.

As a result, the Group will closely monitor changes in the local property markets and relevant policies; and adjust its sales strategies and pace of business development in a flexible manner based on its projects in different regions. It will also strive to meet the end-user demand in first-tier and major second-tier cities through high quality products and services and speed up cash collection.

In terms of geographic presence, the Group will actively capitalise on national policies, such as the government's initiative in developing the Guangdong-Hong Kong-Macau Greater Bay Area and its Beijing-Tianjin-Hebei Coordinated Development Program to further develop the property markets in first- and key second-tier cities while reinforcing its penetration in the neighbouring regions of such core cities.

In view of such factors as land shortages and high land prices in first- and key second-tier cities, the Group will expand its cooperative channels and seek opportunities for acquiring property projects through M&A. Leveraging on its resources on industrial business such as culture and sports, and health technology, the Group will strive to capture new opportunities emerging from city-industry integration and the development of lease market.

With respect to urban renewal, by adhering to the "customer value-oriented" principle as always, the Group will maintain its competitiveness in terms of professionalism, talents, scale, management and products. In addition to further penetrating into the Pearl River Delta region, the Group will establish presence in the major and key cities in China and expand the exposure of its standardised, highly efficient and advanced experience in urban renewal across the country.

As to its financial management and control, the Group will continue to explore more channels for low-cost financing, do better in liability management, improve debt structure, and maintain expenses at reasonable levels.

### **Acknowledgement**

The steady development of the Group during the first half of 2017 depended on the enormous support from the community, as well as the dedication and contribution made by our staff members. On behalf of the Board, I would like to take this opportunity to extend my wholehearted gratitude to all shareholders, investors, business partners and customers of the Company for their trust and support. We will continue to work hard to fulfil or even exceed our goals so as to maximise the value and returns to our shareholders and investors.

### **KWOK Ying Shing**

*Chairman*

Hong Kong, 29 August 2017



# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERALL PERFORMANCE

During the period under review, the Group recorded a turnover of approximately RMB8,586.8 million, representing an increase of 71.8% as compared to the corresponding period in 2016. Profit attributable to equity holders of the Company amounted to approximately RMB1,890.6 million, representing a decrease of 25.3% as compared to the corresponding period in 2016. The core net profit for the period, excluding changes in fair values of investment properties and financial derivatives, and net of deferred tax, amounted to approximately RMB1,135.4 million (2016: core net loss of approximately RMB908.3 million). Basic earnings per share were RMB36.8 cents (2016: RMB49.3 cents).

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (2016: nil).

## CONTRACTED SALES IN THE FIRST HALF OF 2017

In the first half of 2017, the Group's contracted sales amounted to approximately RMB22,460 million, representing an increase of 62.6% as compared to the corresponding period in 2016. Aggregate GFA sold during the period was approximately 1,389,410 sq.m., representing an increase of 20.3% as compared to the corresponding period in 2016. Average selling price in the contracted sales increased by 35.1% to RMB16,165 per sq.m. from last corresponding period's RMB11,964 per sq.m.. The table below shows the Group's contracted sales by region in the first half of 2017:

Region	Contracted sales area (sq.m.)	Contracted sales amount (RMB in millions)
Pearl River Delta	468,233	12,194
Yangtze River Delta	264,991	4,839
Central China Region	122,396	1,225
Western China Region	220,939	1,658
Pan-Bohai Bay Rim	312,851	2,544
<b>Total</b>	<b>1,389,410</b>	<b>22,460</b>

## Property development

*Projects completed for the six months ended 30 June 2017*

The Group adopts a strict and prudent practice in property development project and adjusts its pace of business expansion as and when appropriate. During the period under review, the GFA of newly completed projects of the Group amounted to approximately 1.4 million sq.m..

## Projects under development

As at 30 June 2017, the Group had 33 projects under development with an aggregate GFA of approximately 6.7 million sq.m..

## Property management

The Group derives revenue from the provision of property management services. During the period under review, the Group managed a total GFA of approximately 21.9 million sq.m.. The Group's property management team is striving to deliver excellent and professional services to its customers, with a view to enhancing its brand and corporate image.

## Investment properties

The Group adopts a diversified business strategy, characterised by its increase in property investment. The portfolio of investment properties will generate steady and reliable income, and enlarge the overall income base of the Group. The Group develops commercial properties such as office buildings, retail stores and car parks for leasing purpose. In managing its investment property portfolio, the Group takes into account the long-term growth potential, the overall market conditions, its cash flows and financial condition. As at 30 June 2017, the Group held 19 investment property projects, with an aggregate GFA of 1,800,294 sq.m., of which an aggregate GFA of 450,700 sq.m. of completed investment properties were for rental purposes.

## Land bank

It remains an ongoing effort of the Group to expand its land reserve to implement the business strategy of rapid turnover model. Since late 2011, the Group has focused on first- and second-tier cities and provincial capitals again to capture the business opportunities emerging from the economic development in these cities.

In the first half of 2017, the Group purchased a total of 12 land parcels or related equity interests through tenders, auctions, bids for lands in the listings posted by local governments, joint property project development and acquisitions. The aggregate consideration for the land acquisitions was approximately RMB5,533 million, for an average land cost of approximately RMB2,893 per sq.m.. According to the maximum allowed plot ratio of the projects and the equity interests in such projects, the total planned GFA attributable to the Group is up to approximately 1,912,356 sq.m..

As at 30 June 2017, the Group had a total land bank of approximately 21.6 million sq.m., which is sufficient for the Group's development needs for the next five years.

The table below sets forth information of these land acquisitions:

Time of Acquisition	Location	Attributable Equity Interest	Site Area (sq.m.)	Total GFA (sq.m.)	Consideration (RMB in millions)	Type
January 2017	Guangzhou	90%	312,161	480,000	765.1	Commercial
January 2017	Guangzhou	70%	78,913	316,443	1,960.0	Commercial and Residential
January 2017	Foshan	100%	14,406	72,031	380.0	Commercial and Residential
February 2017	Huizhou	100%	176,724	441,810	372.6	Commercial and Residential
February 2017	Shenyang	100%	12,947	38,840	239.3	Commercial and Residential
February 2017	Shaoxing	70%	19,852	47,943	21.0	Residential
March 2017	Shanghai	100%	23,638	42,543	84.4	Residential
June 2017	Zhuhai	100%	16,088	28,957	217.2	Commercial and Residential
June 2017	Huizhou	70%	113,332	226,666	93.7	Commercial and Residential
June 2017	Zhengzhou	100%	36,582	91,500	388.7	Residential
June 2017	Zhengzhou	100%	32,917	65,800	283.8	Residential
June 2017	Suzhou	100%	29,911	59,823	727.1	Residential
			<b>867,471</b>	<b>1,912,356</b>	<b>5,532.9</b>	

## Outlook

Looking ahead to the second half of 2017, it is expected that the major cities in China will continue to implement measures to regulate the real estate market with the aim of suppressing property speculation on the demand-side and of compelling the real estate sector to continue with deleverage. Such measures can discourage the businesses from straying from the real economy and from engaging in speculation, thus eliminating financial risks and avoiding a property bubble.

Meanwhile, it is expected that the governments in various cities will continue to step up the measures to regulate the supply-side of the property market in order that the owner-occupiers' both rigid and trade-up demand for housing can be satisfied. In cities plagued by the acute imbalance between supply and demand, the supply of land for residential use and ordinary housing will be increased. Moreover, relevant policies on the guarantee of sufficient housing and renovation of shanty area will be implemented, while more efforts will be devoted to the development of the rental housing market.

In summary, the measures to regulate the property market will remain effective in the second half of 2017. The year-on-year growth in property transactions may slow down. The monetary policy will remain prudent and moderate so as to support the development of the real economy. The overall growth in property development and investment by the real estate companies may decelerate.

Under the circumstances, the Group will, on one hand, monitor the market trends closely and accelerate the turnover of the projects and step up the collection of proceeds from sales by adopting a flexible sales strategy. On the other hand, it will actively seek opportunities and unlock the value of urban redevelopment projects with the aim of maximising the returns to the Company's shareholders.

## FINANCIAL REVIEW

### Revenue

The Group's revenue was primarily derived from six business segments: (i) property development, (ii) property investment, (iii) property management, (iv) hotel and catering operations, (v) cinema, department store and cultural centre operations, (vi) water-way passenger and cargo transportation, and (vii) others. Revenue increased by 71.8% to approximately RMB8,586.8 million for the six months ended 30 June 2017 from approximately RMB4,997.8 million in the corresponding period in 2016. 91.6% of the Group's revenue was generated from the sales of properties (2016: 91.7%) and 8.4% from other segments (2016: 8.3%).

#### *Sales of properties*

Revenue from sales of properties increased by approximately RMB3,283.3 million, or 71.6%, to approximately RMB7,867.4 million for the six months ended 30 June 2017 from approximately RMB4,584.1 million for the corresponding period in 2016. The increase was primarily attributable to an increase in the total GFA delivered during the six months ended 30 June 2017.

#### *Rental income*

Revenue from rental income increased by approximately RMB2.4 million, or 1.9%, to approximately RMB125.7 million for the six months ended 30 June 2017 from approximately RMB123.3 million for the corresponding period in 2016. The increase was primarily attributable to the increased GFA of completed investment properties for rental purposes.

*Property management*

Revenue from property management service increased by approximately RMB9.2 million, or 5.6%, to approximately RMB172.6 million for the six months ended 30 June 2017 from approximately RMB163.4 million for the corresponding period in 2016. The increase was primarily attributable to the increased GFA under property management.

*Hotel and catering operations*

Revenue from hotel and catering operations of the Group increased by approximately RMB8.8 million, or 24.0% to approximately RMB45.4 million for the six months ended 30 June 2017, from approximately RMB36.6 million for the corresponding period in 2016.

*Cinema, department stores and cultural centre operations*

Revenue from cinema, department stores and cultural centre operations increased by approximately RMB36.2 million, or 56.9%, to approximately RMB99.8 million for the six months ended 30 June 2017 from approximately RMB63.6 million in the corresponding period in 2016. The increase was primarily attributable to business expansion.

*Water-way passenger and cargo transportation*

The Group has further expansion into the business of water-way passenger and cargo transportation. Revenue from water-way passenger and cargo transportation for the six months ended 30 June 2017 amounted to approximately RMB249.5 million.

**Gross profit**

The Group recorded a gross profit of approximately RMB2,858.6 million and a gross profit margin of 33.3% for the six months ended 30 June 2017 respectively, as compared to gross profit of approximately RMB881.0 million and a gross profit margin of 17.6% in the corresponding period of last year. The increase in gross profit margin was primarily attributable to the increase in ASP of property sales recognised for the six months ended 30 June 2017.

**Selling and marketing costs**

The Group's selling and marketing costs decreased by approximately RMB18.5 million, or 6.6%, to approximately RMB262.1 million for the six months ended 30 June 2017 from approximately RMB280.6 million for the corresponding period in 2016. The decrease in selling and marketing costs was due to lower advertising and other promotional costs.

**Administrative expenses**

The Group's administrative expenses increased by approximately RMB217.6 million, or 38.1%, to approximately RMB788.0 million for the six months ended 30 June 2017 from approximately RMB570.4 million for the corresponding period in 2016. The increase was primarily attributable to the increase in staff costs and office expenses.

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

The increase in fair value of the Group's investment properties was approximately RMB1,320.4 million for the six months ended 30 June 2017 and approximately RMB4,573.5 million in the corresponding period in 2016. The increase in fair value of the Group's investment properties for the six months ended 30 June 2017 was primarily contributed by transfer of completed properties held for sale into investment properties and also attributable to the increases of rentals in line with the market conditions of general increase in rental levels of comparable properties.

### **Changes in fair value of financial derivatives**

The increase in fair value of financial derivatives was RMB321.8 million for the six months ended 30 June 2017. The increase in fair value of financial derivatives was primarily attributable to the change in fair value of the financial derivative component of convertible bonds.

### **Finance costs – net**

The Group's net finance costs decreased by approximately RMB744.7 million, or 98.3% to approximately RMB13.0 million for the six months ended 30 June 2017 from approximately RMB757.7 million for the corresponding period in 2016. The decrease was mainly attributable to the net exchange gains of RMB432.3 million whereas the net exchange losses of RMB361.3 million was recorded in the corresponding period of last year. The net exchange gain/loss mainly arised from the U.S. dollar denominated offshore financing as a result of the appreciation/depreciation of Renminbi against the U.S. dollar.

### **Income tax expenses**

The Group's income tax expenses increased by approximately RMB74.2 million, or approximately 5.5%, to approximately RMB1,429.5 million for the six months ended 30 June 2017 from approximately RMB1,355.3 million for the corresponding period in 2016.

### **Profit for the six months ended 30 June 2017**

As a result of the foregoing, the Group recorded profit of approximately RMB1,803.9 million (2016: approximately RMB2,521.9 million).

### **Liquidity, Financial and Capital Resources**

#### *Cash position*

As at 30 June 2017, the carrying amount of the Group's cash and bank deposits was approximately RMB24,801.9 million (31 December 2016: RMB16,572.6 million), representing an increase of 49.7% as compared to that as at 31 December 2016. Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sales proceeds to designated bank accounts as collateral for the construction loans. Such collateral will be released after the completion of the pre-sales properties or the issuance of the title of the properties, whichever is the earlier. Additionally, as at 30 June 2017, certain of the Group's cash was deposited in certain banks as collateral for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The aggregate of the above collaterals amounted to approximately RMB9,700.9 million as at 30 June 2017 (31 December 2016: RMB5,696.6 million).

*Exchange offer, new senior notes and convertible bonds*

On 30 June 2017, the Company completed an exchange offer (the “**Exchange Offer**”) pursuant to which the Existing Series A-E Notes were exchanged for 7.25% senior notes due 2020 (the “**New 2020 Notes**”), 7.875% senior notes due 2021 (the “**New 2021 Notes**”), 8.50% senior notes due 2022 (the “**New 2022 Notes**”) and 9.375% senior notes due 2024 (the “**New 2024 Notes**”) (together with the New 2020 Notes, the New 2021 Notes and the New 2022 Notes, the “**New Senior Notes**”). Approximately US\$2,657.9 million of the Existing Series A-E Notes, representing approximately 93.1% of the total aggregate principal amounts of the outstanding Existing Series A-E Notes, have been validly tendered for exchange and accepted pursuant to the Exchange Offer. Concurrently, the Company issued additional New Senior Notes with aggregate principal amount of approximately US\$792.1 million that form a single series with the corresponding New Senior Notes issued in the Exchange Offer. On 3 August 2017, the Company redeemed total aggregate outstanding principal amounts of approximately US\$197.6 million of the Senior Notes Series A-E in full at the redemption price equal to 100% of the outstanding principal amounts thereof. The New Senior Notes are listed on the Singapore Stock Exchange.

On 30 June 2017, the Company issued convertible bonds of approximately US\$265.9 million in exchange for the then principal amount of the Mandatorily Exchangeable Bonds (the “**MEBs**”) in accordance with the terms of the MEBs.

*Borrowings and charges on the Group’s assets*

As at 30 June 2017, the Group had aggregate borrowings of approximately RMB102,204.1 million, of which approximately RMB14,024.3 million will be repayable within 1 year, approximately RMB70,859.7 million will be repayable between 2 and 5 years and approximately RMB17,320.1 million will be repayable over 5 years.

As at 30 June 2017, the Group’s bank and other borrowings of approximately RMB61,393.7 million were secured by property and equipment, land use rights, investment properties, properties under development, completed properties held for sale and certain shares of the Group’s subsidiaries of the Group with total carrying values of approximately RMB68,554.8 million. As at 30 June 2017, the Existing Senior Notes and the Convertible Bonds were secured by the share pledge of certain of the subsidiaries incorporated outside of the PRC, and joint and several guarantees given by certain subsidiaries of the Company. The Group’s domestic bank loans carried a floating interest rate linking up with the base lending rate of the People’s Bank of China. The Group’s interest rate risk is mainly from the floating interest rate of domestic bank loans.

*Key Financial Ratios*

As at 30 June 2017, the Group has a leverage ratio (i.e. its net debts (total borrowings, net of cash and bank balances, short-term bank deposits and restricted cash) over total assets) of 40.4% (31 December 2016: 42.8%). The Group’s net current assets increased by 8.9% from approximately RMB72,421.7 million as at 31 December 2016 to approximately RMB78,867.8 million as at 30 June 2017, and the current ratio decreased from 2.2 times as at 31 December 2016 to 2.1 times as at 30 June 2017.

*Cost of borrowings*

For the six months ended 30 June 2017, the Group's total cost of borrowings (including net exchange gains/losses) was RMB2,982.5 million, representing a decrease of approximately RMB83.2 million or 2.7% as compared to the corresponding period in 2016. The decrease was primarily attributable to the increase in total interest expenses, and partially offset by the net exchange gains recorded in the current period.

*Foreign currency risks*

The Group's property development projects are all located in China and most of the related transactions are settled in RMB. The Company and certain of the Group's intermediate holding companies which operate in Hong Kong have recognised assets and liabilities in currencies other than RMB. As at 30 June 2017, the Group had cash balances denominated in US\$ of approximately RMB5,410.6 million, and in HK\$ of approximately RMB47.1 million and the New Senior Notes and the contingent value rights in US\$ with an aggregate outstanding principal amount of US\$3,465.7 million, and other offshore banking facilities denominated in US\$ and HK\$, of US\$325.6 million and HK\$1,226.0 million respectively, which are subject to foreign currency exposure.

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

*Financial guarantees*

As at 30 June 2017, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to its customers amounting to approximately RMB27,083.9 million (31 December 2016: RMB21,843.2 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by a purchaser, the Group would be responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchaser to the bank, but the Group would be entitled to assume legal title to and possession of the related property. These guarantees will be released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgage property and the completion of the deregistration of the mortgage.

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

For the six months ended 30 June 2017, the Group acquired controlling equity interests of several companies at a total consideration of approximately RMB1,471.4 million. These companies did not operate any business prior to the acquisitions and only had properties under development. Therefore, the Group considered this would be an acquisition of assets in substance.

Save as disclosed above, there were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2017. Apart from those disclosed in this report, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this report.

*Employees and remuneration policy*

As at 30 June 2017, the Group had approximately 10,786 employees (31 December 2016: approximately 9,944 employees). The related employees' costs (including the directors' remuneration), for the six months ended 30 June 2017 amounted to approximately RMB658.0 million. The remuneration of employees was based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. In addition to basic salaries, employees may be offered with discretionary bonus and cash awards based on individual performance. The Group provides trainings for its employees so that new employees can master the basic skills required to perform their functions and existing employees can upgrade or improve their production skills. Further, the Company adopted the share option scheme on 22 November 2009. Further information of the share option scheme is available in the Annual Report of the Company for the year ended 31 December 2016.



# PROJECT PORTFOLIO

AS AT 30 JUNE 2017

No.	Project	Address	Location	Type <sup>(1)</sup>
<b>The Pearl River Delta</b>				
1	Shenzhen Woodland Height	Junction of Shenhui Road and Lilang Road, Buji Town, Longgang District	Shenzhen	Residential
2	Shenzhen Mocha Town	Busha Road, Longgang District	Shenzhen	Residential
3	Shenzhen Kaisa Center <sup>(2)</sup>	East of Shangbu Nan Road and North of Nanyuan Road, Futian District	Shenzhen	Residential
4	Shenzhen Lake View Place	Junction of Xincheng Road and Pingxi Road, Longgang District	Shenzhen	Residential
5	Shenzhen Xiangrui Garden	North of Beihuan Highway, Nanshan District	Shenzhen	Residential
	Shenzhen Mingcui Garden	Ping'an Avenue, Liang'antian Community, Pinghu Street, Longgang District	Shenzhen	Residential
7	Shenzhen Jincui Garden	Cuizhu Road, Luohu District	Shenzhen	Residential
8	Shenzhen Shangpin Garden	Bantian Community, Bantian Street, Longgang District	Shenzhen	Residential
9	Shenzhen Kaisa Financial Center	Shennan Avenue, Futian District	Shenzhen	Commercial
10	Shenzhen Metro City <sup>(2)</sup>	Buji Station, Shenhui Road, Nanmendun, Buji Town, Longgang District	Shenzhen	Residential
11	Shenzhen Kaisa City Plaza	Banxuegang Avenue, Longgang District	Shenzhen	Residential
12	Shenzhen Kaisa Metropolitan Homeland <sup>(2)</sup>	Mumianwan Station, Longgang Avenue, Buji, Longgang District	Shenzhen	Residential
13	Shenzhen Dapeng Kaisa Peninsula Resort	Yingbin Avenue, Dapeng District	Shenzhen	Commercial
14	Shenzhen Kaisa Yuefeng Garden	Bulong Road, Bantian, Longgang District	Shenzhen	Residential
15	Shenzhen Yantian City Plaza	Mingzhu Avenue, Yantian District	Shenzhen	Residential
16	Shenzhen Kaisa Golden Bay International Park <sup>(3)</sup>	Dapeng Street, Xiasha Community, Dapeng New District	Shenzhen	Commercial
17	Shenzhen Marriott Hotel Golden Bay	No. 8 Jinsha Road, Xiasha Community, Dapeng Street, Dapeng New District	Shenzhen	Commercial
18	Shenzhen Kaisa Qianhai Plaza	Junction of Yueliangwan Avenue and Mianshan Road, Nanshan District	Shenzhen	Residential
19	Shenzhen Pinghu Kaisa Plaza <sup>(3)</sup>	Junction of Shouzhen Street and Pinghu Avenue, Pinghu Street, Longgang District	Shenzhen	Residential
20	Shenzhen Kaisa Future City <sup>(3)</sup>	Junction of Ruyi Road and Dayun Road, Longcheng Street, Longgang District	Shenzhen	Residential
21	Shenzhen Nan'ao Project	Shuitousha Beach, Nanao Street, Dapeng District	Shenzhen	Commercial
22	Guangzhou Jinmao <sup>(2)</sup>	No. 191 Tiyu West Road, Tianhe District	Guangzhou	Commercial
23	Guangzhou Kaisa Plaza	No. 78 Huangpu Avenue West, Zhujiang New Town, Tianhe District	Guangzhou	Commercial
24	Guangzhou Monarch Residence	No. 99 Jiangnan Avenue Central, Haizhu District	Guangzhou	Residential
25	Guangzhou Kaisa Mansion No. 1	No. 555 Huangpu Avenue, Financial Center, Tianhe District	Guangzhou	Residential
26	Guangzhou Sky Villa	Tongbao Road, Guangzhou Avenue North, Baiyun District	Guangzhou	Residential
27	Guangzhou Sky Mansion	Lot No. 20, Meihua Garden, Shatai Road, Baiyun District	Guangzhou	Residential

No.	Project phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
				Completed properties (sq. m.)	Properties under development (sq. m.)	Properties held for future development (sq. m.)	
<b>The Pearl River Delta</b>							
1	1-8	160,514	580,135	580,135	–	–	100%
2	1-7	185,724	735,299	735,299	–	–	100%
3	–	5,966	98,241	98,241	–	–	100%
4	1-5	182,064	388,626	388,626	–	–	100%
5	–	57,984	143,796	143,796	–	–	100%
6	1-4	102,439	394,663	394,663	–	–	100%
7	–	9,066	105,830	105,830	–	–	100%
8	–	45,829	231,572	231,572	–	–	100%
9	–	14,411	142,000	–	–	142,000	100%
10	–	5,241	124,479	124,479	–	–	100%
11	1-4	242,172	1,657,001	934,751	456,850	265,400	100%
12	–	19,393	138,892	138,892	–	–	100%
13	1-2	48,256	186,466	186,466	–	–	100%
14	1-2	47,890	165,455	165,455	–	–	100%
15	1-3	170,311	663,135	100,211	87,728	475,196	100%
16	1-4	869,800	516,030	–	–	516,030	51%
17	–	34,449	77,834	77,834	–	–	100%
18	1-2	49,582	295,749	146,060	149,689	–	51%
19	1-3	168,430	475,000	–	–	475,000	100%
20	1-2	48,773	260,000	–	–	260,000	80%
21	–	25,966	51,930	–	–	51,930	100%
22	–	14,192	233,322	233,322	–	–	100%
23	–	7,106	117,522	117,522	–	–	100%
24	–	7,707	56,666	56,666	–	–	100%
25	–	15,178	86,138	–	86,138	–	100%
26	1-2	65,627	226,946	–	226,946	–	100%
27	–	19,671	80,854	80,854	–	–	100%

Project Portfolio (continued)

No.	Project	Address	Location	Type <sup>(1)</sup>
28	Guangzhou Kaisa City Plaza	Lot No. 49, Nangang, Yunpu Industrial Zone, Huangpu District	Guangzhou	Residential
29	Guangzhou Toy Town Project	No. 3889 East Huangpu Road, Huangpu District, Guangzhou	Guangzhou	Commercial
30	Foshan Shunde Kaisa Mocha Town	Lot No. 1, South of the Central District, Xingtan Town, Shunde District	Foshan	Residential
31	Foshan Shunde Kaisa Shangpin Garden	Linshang North Road, Beijiao New Town, Shunde District	Foshan	Residential
32	Foshan Shunde Kaisa Golden World	West of Waihuang Road, Ronggui Town, Shunde District	Foshan	Residential
33	Foshan Jingyue Project	No. 169, Guangfo Road, Huangqi Town, Nanhai District	Foshan	Commercial
34	Dongguan Zhongyang Haomen	Longsheng Road, Xincheng District, Shilong Town	Dongguan	Residential
35	Dongguan Dongjiang Haomen	South of Dongjiang Road, Yangwu Village and Qishi Village, Qishi Town	Dongguan	Residential
36	Dongguan Shui'an Haomen	Fengshen Avenue, Fenggang Town	Dongguan	Residential
37	Dongguan Dijingwan	Jinshawan Square, Xincheng District, Shilong Town	Dongguan	Residential
38	Dongguan Le Grand Bleu	Xinwei Village Group, Qisha Village, Shatian Town	Dongguan	Residential
39	Dongguan Oasis Town	Junction of Huancheng Road and Green Road, Xiping Community, Nancheng District	Dongguan	Residential
40	Dongguan Yulongshan Garden	Jinzhou Community, Humen Town	Dongguan	Residential
41	Dongguan Shilong Project <sup>(3)</sup>	Junction of Jiangnan Middle Road and Xihu No. 1 Road, Xihu District, Shilong Town	Dongguan	Residential
42	Dongguan Fenggang Project <sup>(3)</sup>	Junction of Dongshen Road and Bihu Avenue, Fenggang Town	Dongguan	Residential
43	Huizhou Kaisa Mansion No. 1	Gutang'ao Miaozaikeng	Huizhou	Residential
44	Huizhou Kaisa Center	No. 18 Sub-district, Jiangbei, Huicheng District	Huizhou	Commercial
45	Huizhou Yuan Zhou Project <sup>(4)</sup>	Tanjiao Section, Liangwu Gaotou Village, Yuanzhou Town, Boluo County	Huizhou	Residential
46	Huizhou Riverbank New Town	Jiangnan Section, Cuimeiyuan Village Committee, Hengkeng, Luoyang Town, Boluo County	Huizhou	Residential
47	Huizhou Kaisa Mountain Bay	Huangbujiao, Lianfeng Village, Renshan Town, Huidong County	Huizhou	Residential
48	Huizhou Kaisa Times Mocha Town	Junction of Zhongkai Avenue and Jinbang Road, Huicheng District	Huizhou	Residential
49	Huizhou Boluo Woodland Height <sup>(3)</sup>	Jiangnan New Town, Luoyang Town, Boluo County	Huizhou	Residential
50	Zhuhai Lake View Waldorf Garden	Shangsha Street, Wanzai, Xiangzhou District	Zhuhai	Residential
51	Zhuhai Golden World	North of Huangyang Avenue, South of Wangbao Reservoir, Jintaisi, Doumen Town, Doumen District	Zhuhai	Residential
52	Zhuhai Kaisa Monarch Residence <sup>(3)</sup>	North of Zhufeng Avenue, Qianwu Town, Doumen District	Zhuhai	Residential

No.	Project phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
				Completed properties (sq. m.)	Properties under development (sq. m.)	Properties held for future development (sq. m.)	
28	1-4	190,742	776,318	273,117	503,201	–	100%
29	1-3	312,161	480,000	163,475	99,037	217,488	90%
30	1-2	71,200	234,422	234,422	–	–	100%
31	–	32,819	98,021	98,021	–	–	100%
32	1-9	197,584	645,921	336,560	133,426	175,936	100%
33	–	14,406	72,031	–	–	72,031	100%
34	1-4	82,742	377,481	377,481	–	–	100%
35	1-3	86,324	243,296	243,296	–	–	100%
36	1-2	70,734	200,386	200,386	–	–	80%
37	–	46,474	155,432	155,432	–	–	100%
38	1-4	239,050	717,084	217,023	158,773	341,288	100%
39	–	65,021	150,772	150,772	–	–	100%
40	–	33,910	109,180	109,180	–	–	100%
41	–	5,567	10,131	–	–	10,131	100%
42	–	140,022	303,258	–	–	303,258	100%
43	–	89,998	260,577	260,577	–	–	100%
44	1-3	70,859	722,945	554,386	168,559	–	100%
45	–	20,400	61,200	–	–	61,200	100%
46	1-10	1,663,969	4,326,239	709,019	338,654	3,278,567	100%
47	1-3	169,331	295,754	–	–	295,754	100%
48	1-5	289,178	642,616	–	–	642,616	51%
49	1-4	176,724	441,810	–	–	441,810	100%
50	1-4	164,354	550,431	180,316	–	370,115	100%
51	1-4	192,711	316,037	109,271	148,831	57,935	100%
52	–	16,088	28,958	–	–	28,958	100%

Project Portfolio (continued)

No.	Project	Address	Location	Type <sup>(1)</sup>
<b>The Western China Region</b>				
53	Chengdu Kaisa Monarch Residence	Erjiangsi Village, Huayang Town, Shuangliu County	Chengdu	Residential
54	Chengdu Lijing Harbour	Group 1 and 2, Huafeng Village, Yongquan Street, Wenjiang District	Chengdu	Residential
55	Chengdu Modern Town	Yingchunqiao, Dongsheng Sub-district Office, Shuangliu County	Chengdu	Commercial
56	Chengdu Kaisa Mansion No. 8	Sanzhiq South Area, Dongsheng Street, Shuangliu County	Chengdu	Residential
57	Chengdu Kaisa City Plaza	Group 1 and 2, Machang Village, Wenjia Street Office, No. 78 Guangrun First Road, Qingyang District	Chengdu	Residential
58	Chengdu Kaisa Leading Town	Group 6 and 7, Taiji Community, Gongping Street Office, Wenjiang District	Chengdu	Residential
59	Nanchong Kaisa Plaza	No. 39, Zhengyang East Road, Shunqing District	Nanchong	Residential
60	Nanchong Monarch Residence	No. 308, Baituba Road, Shunqing District	Nanchong	Residential
61	Chongqing Kaisa Plaza	Longzhouwan Street, Banan District	Chongqing	Residential
62	Chongqing Kaisa Bright Harbour	Baqiao Town, Dadukou District	Chongqing	Residential
<b>The Pan-Bohai Bay Rim</b>				
63	Shenyang Kaisa Center	East of Qingnian Avenue, Shenhe District	Shenyang	Commercial
64	Shenyang Kaisa Yuefeng <sup>(3)</sup>	Changbai South Road, Heping District	Shenyang	Residential
65	Yingkou Dragon Bay	Junction of Xinxin Road and Bohai Street, Laobian District	Yingkou	Residential
66	Yingkou Monarch Residence	West of Xuefu Road, East of Shifu Road, South of New Donghai Street, Laobian District	Yingkou	Residential
67	Anshan Lake View Waldorf	Shengli Bei Road, Lishan District	Anshan	Residential
68	Anshan Monarch Residence <sup>(3)</sup>	South of Ziyong Dong Street, East of Anqian Road, Lishan District	Anshan	Residential
69	Anshan Kaisa Plaza <sup>(2)(3)</sup>	Renmin Road, Tiexi District	Anshan	Commercial
70	Benxi Lake View Place	Binhe Bei Road, Mingshan District	Benxi	Residential
71	Panjin Kaisa Center	No. 1, Shifu Avenue, Xinglongtai District	Panjin	Residential
72	Huludao Suizhong Kaisa Dongdaihe <sup>(3)</sup>	South of Binhai Road, Dongdaihe New Zone, Suizhong County	Huludao	Residential
73	Weifang Kaisa Golden World	North of Bailanghe Reservoir Dam, South of Weijiao Road	Weifang	Residential
74	Qingdao Kaisa Lake View Place	East of Zhongjinger Road, West of Wangsha Road and South of Baishahe, Xiazhuang Street, Chengyang District	Qingdao	Residential
75	Dandong Kaisa Mansion No. 1 <sup>(3)</sup>	South of Huanghai Street, Zhenxing District	Dandong	Residential
76	Liaoyang Hot Spring Resort Project	Tanghe Town, Gongchangling District	Liaoyang	Residential
77	Dalian Kaisa Center	Donggang Business District, Zhongshan District	Dalian	Commercial
78	Dalian Kaisa Plaza	No. 271, Tianjin Street, Zhongshan District	Dalian	Commercial

No.	Project phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
				Completed properties (sq. m.)	Properties under development (sq. m.)	Properties held for future development (sq. m.)	
<b>The Western China Region</b>							
53	1-6	182,666	1,041,531	1,041,531	–	–	100%
54	1-7	150,071	761,542	761,542	–	–	100%
55	1-2	133,269	362,420	362,420	–	–	100%
56	1-6	120,570	633,275	340,848	–	292,427	80%
57	1-4	112,195	460,901	268,097	192,804	–	100%
58	1-2	57,837	342,533	129,086	213,447	–	100%
59	1-2	29,541	116,634	116,634	–	–	100%
60	1-8	256,187	813,746	813,746	–	–	100%
61	1-3	119,767	456,003	216,853	152,182	86,968	100%
62	1-10	324,330	989,400	207,121	181,649	600,630	100%
<b>The Pan-Bohai Bay Rim</b>							
63	–	21,423	292,331	292,331	–	–	100%
64	–	12,947	38,844	–	–	38,844	100%
65	–	220,669	593,302	333,391	–	259,911	100%
66	–	71,922	233,745	233,745	–	–	100%
67	1-2	257,090	390,325	206,590	–	183,735	100%
68	1-2	129,739	389,216	–	43,866	345,350	100%
69	1-2	11,238	85,148	72,264	12,884	–	100%
70	–	122,200	324,480	324,480	–	–	100%
71	1-2	52,812	355,786	170,716	–	185,070	100%
72	1-4	1,269,571	1,976,565	47,581	914,084	1,014,900	100%
73	1-4	128,018	131,112	–	131,112	–	100%
74	1-3	229,864	391,417	179,701	146,698	65,018	100%
75	1-4	133,340	331,542	124,946	89,315	117,281	100%
76	1-10	372,427	309,114	–	108,570	200,544	100%
77	–	26,610	156,239	74,390	81,849	–	100%
78	–	15,955	78,454	78,454	–	–	100%

Project Portfolio (continued)

No.	Project	Address	Location	Type <sup>(1)</sup>
<b>The Central China Region</b>				
79	Changsha Lake View Place	Jinping Village, Tiaoma County	Changsha	Residential
80	Changsha Kaisa Times Square	Yingpan Dong Road, Furong District	Changsha	Residential
81	Changsha Kaisa Meixi Lake Project	Meixi Lake, Yuelu District	Changsha	Residential
82	Zhuzhou Golden World	Liyu Central Business Area, Tianyuan District	Zhuzhou	Residential
83	Wuhan Golden World	Junction of Baisha Road and Qingling Dong Road, Qingling County, Hongshan District	Wuhan	Residential
84	Wuhan Kaisa Mansion No. 1	North of Zhiyin Avenue and West of Yangcheng West Road, Hanyang District	Wuhan	Residential
85	Wuhan Kaisa Plaza	No. 336, Wuluo Road, Wuchang District	Wuhan	Residential
86	Zhengzhou Xinzheng Project #12 <sup>(3)</sup>	South of Zhongxing Road and West of Wenhua Road, Xinzheng District	Zhengzhou	Residential
87	Zhengzhou Xinzheng Project #14 <sup>(3)</sup>	North of Chuangye Road and West of Wenhua Road, Xinzheng District	Zhengzhou	Residential
<b>The Yangtze River Delta</b>				
88	Jiangyin Lake View Place	South of Xinhua Road, West of Dongwaihuan Road and North of Renmin Dong Road	Jiangyin	Residential
89	Jiangyin Gushan Mocha Town	South of Golden Gushan Garden and West of Xingfu Avenue, Gushan Town	Jiangyin	Residential
90	Jiangyin Kaisa Plaza	No. 1091, Ren Min Dong Road	Jiangyin	Residential
91	Jiangyin Zhouzhuang Golden World	East of Zhouxi Dong Road, Zhouzhuang Town	Jiangyin	Residential
92	Jiangyin Changjing Lake View Waldorf	East of Xinglong Road, South of Dongshun Road, Changjing Town	Jiangyin	Residential
93	Jiangyin Tonghui Garden	South of Tongfu Road, West of Tongjiang Road, North of Tonghui Road	Jiangyin	Residential
94	Jiangyin Fuqiao Homeland	South of Binjiang Road, West of Tongdu Road, North of Chengxi Road	Jiangyin	Residential
95	Changzhou Phoenix Lake No. 1	South of Qingyang Road, Xuejia Town, Xinbei District	Changzhou	Residential
96	Taizhou Kaisa Mansion No. 1	West of No. 11 Road, North of Chenzhuang Road, Taizhou Economic Development Zone	Taizhou	Residential
97	Shanghai Shanhuwan Garden	No. 4333 Alley, Haima Road, Haiwan Town, Fengxian District	Shanghai	Residential
98	Shanghai Shangpin Garden	Kangfeng North Road and Kangnian Road, Malu Town, Jiading District	Shanghai	Residential
99	Shanghai Kaisa Mansion No. 8	No. 99 Alley, Juting Road, Zhuanghang Town, Fengxian District	Shanghai	Residential
100	Shanghai Kaisa City Plaza	Intersection of Chengliu Road and Shengzhu East Road, Xuhang Town, Jiading District	Shanghai	Residential
101	Shanghai Pudong Project	Intersection of Middle Yanggao Road and Minsheng Road, Pudong District	Shanghai	Commercial
102	Shanghai Kaisa Monarch Residence	Intersection of Fumao Road and Songjian Road, Chonggu Town, Qingpu District	Shanghai	Residential

No.	Project phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
				Completed properties (sq. m.)	Properties under development (sq. m.)	Properties held for future development (sq. m.)	
<b>The Central China Region</b>							
79	1-4	673,536	938,203	938,203	–	–	100%
80	–	21,770	108,731	108,731	–	–	100%
81	1-3	147,067	430,305	78,634	351,671	–	100%
82	1-3	222,182	597,728	597,728	–	–	100%
83	1-3	181,493	605,941	605,941	–	–	100%
84	–	40,351	156,136	–	156,136	–	100%
85	–	26,861	143,162	–	–	143,162	100%
86	–	36,582	91,500	–	–	91,500	100%
87	–	32,918	65,800	–	–	65,800	100%
<b>The Yangtze River Delta</b>							
88	1-3	225,533	272,274	272,274	–	–	100%
89	1-4	76,465	132,849	132,849	–	–	100%
90	1-3	158,240	553,177	553,177	–	–	100%
91	1-2	103,589	220,546	220,546	–	–	100%
92	1-2	93,275	149,763	149,763	–	–	100%
93	–	41,440	73,615	73,615	–	–	100%
94	–	35,801	134,535	134,535	–	–	100%
95	1-2	101,819	253,356	253,356	–	–	100%
96	1-3	192,505	327,303	73,408	–	253,896	51%
97	1-4	104,796	140,151	140,151	–	–	100%
98	–	23,307	84,448	84,448	–	–	100%
99	1-2	143,053	251,926	116,474	–	135,452	100%
100	1-3	117,255	331,724	124,978	206,746	–	100%
101	–	11,088	77,811	–	77,811	–	100%
102	1-2	90,642	212,240	–	212,240	–	100%



Project Portfolio (continued)

No.	Project	Address	Location	Type <sup>(1)</sup>
103	Shanghai City Garden	West of Qiyuan Road, East of Xiaoxin River, North of Shuping East Road, South of Xinjian No.1 Road, Xuhang Town, Jiading District	Shanghai	Residential
104	Taicang Lake View Waldorf	No. 1 Jinan Road, Science-Enducation New Town	Taicang	Residential
105	Hangzhou Jade Dragon Court	North of Zhennan Road, Zhijiang Holiday Resort Area, Xihu District	Hangzhou	Residential
106	Hangzhou Kaisa Monarch Residence	West of Donghu Road and North of Shitang Road, Qiaosi Street, Yuhang District	Hangzhou	Residential
107	Hangzhou Puyu Court	Jingfeng Community, Wuchang Street, Yuhang District	Hangzhou	Residential
108	Shaoxing Kaisa Monarch Residence	Fuquan Street, Keqiao District	Shaoxing	Residential
109	Suzhou Kaisa Plaza	South of Zhuyuan Road, West of Tayuan Road, Shishan Street, Gaoxin District	Suzhou	Residential
110	Suzhou Kaisa Monarch Residence	East of Sudai Road, South of Xingye Road, Huangqiao Street, Xiangcheng District	Suzhou	Residential
111	Suzhou Kaisa Yufeng <sup>(3)</sup>	Southwest to the intersection of West of Huxin Road (Tongli Town) and South of Pangshan Road, Wujiang District	Suzhou	Residential
112	Nanjing Kaisa City Plaza	Lot No. 20-7, Hexinan Area, Jianye District	Nanjing	Residential
<b>Total<sup>(5)</sup></b>				

Note:

- 1 Residential properties include apartments, serviced apartments and townhouses, often with complementary commercial facilities, restaurants and community facilities.
- 2 The projects are renovation developments of once distressed assets and partially completed properties.
- 3 Including
  - (i) Shenzhen Kaisa Golden Bay International Park;
  - (ii) A portion of land with a site area of 19,781 sq.m. for Shenzhen Kaisa Future City;
  - (iii) A portion of land with a site area of 129,918 sq.m. for Shenzhen Pinghu Kaisa Plaza;
  - (iv) Dongguan Shilong Project;
  - (v) Dongguan Fenggang Project;
  - (vi) Huizhou Boluo Woodland Height;
  - (vii) Zhuhai Kaisa Monarch Residence;
  - (viii) Shenyang Kaisa Yuefeng;
  - (ix) A portion of land with a site area of 121,709 sq.m. for Anshan Monarch Residence;
  - (x) A portion of land with a site area of 3,208 sq.m. for Anshan Kaisa Plaza;
  - (xi) A portion of land with a site area of 457,756 sq.m. for Huludao Suizhong Kaisa Dongdaihe;
  - (xii) Zhengzhou Xinzheng Project #12;
  - (xiii) Zhengzhou Xinzheng Project #14;
  - (xiv) Suzhou Kaisa Yufeng;

for which as at June 30, 2017, we have not obtained the land use rights certificates, but have entered into land grant contracts or obtained confirmation from the relevant land and resources bureau that we have been selected as the winner of the public listing-for-sale process.

No.	Project phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
				Completed properties (sq. m.)	Properties under development (sq. m.)	Properties held for future development (sq. m.)	
103	–	23,638	42,543	–	–	42,543	100%
104	1-3	87,741	201,346	201,346	–	–	100%
105	–	39,376	98,041	98,041	–	–	100%
106	–	36,595	100,849	100,849	–	–	100%
107	–	74,779	207,476	–	207,476	–	100%
108	–	19,852	47,939	–	–	47,939	70%
109	1-2	33,234	123,216	–	123,216	–	100%
110	1-2	59,629	197,069	–	197,069	–	100%
111	–	29,911	59,822	–	–	59,822	100%
112	1-3	109,832	415,986	105,917	310,069	–	100%
		<b>15,044,522</b>	<b>40,356,996</b>	<b>20,974,838</b>	<b>6,668,724</b>	<b>12,713,434</b>	

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

5 Including completed properties sold.

6 As of 30 June 2017, completed properties held for sale had a total GFA of approximately 2,207,272 sq. m..

## PROPERTIES UNDER DEVELOPMENT

The table below sets forth certain information of our property projects or project phases under development as at 30 June 2017. We have obtained land use rights certificates and construction works commencement permits for all of our properties under development.

Project	City	Project Phase	Total GFA	Saleable
			or Estimated Total GFA (sq. m.)	GFA or Estimated Total Saleable GFA (sq. m.)
Shenzhen Kaisa City Plaza	Shenzhen	3(1)	246,623	137,191
Shenzhen Kaisa City Plaza	Shenzhen	4(2)	210,227	2,654
Shenzhen Yantian City Plaza	Shenzhen	1(3)	87,728	71,344
Shenzhen Kaisa Qianhai Plaza	Shenzhen	2	149,689	113,449
Guangzhou Kaisa Mansion No. 1	Guangzhou	-	86,138	37,852
Guangzhou Sky Villa	Guangzhou	1	165,574	42,521
Guangzhou Sky Villa	Guangzhou	2	61,372	28,135
Guangzhou Kaisa City Plaza	Guangzhou	1	213,609	100,155
Guangzhou Kaisa City Plaza	Guangzhou	2	113,419	84,120
Guangzhou Kaisa City Plaza	Guangzhou	3	60,914	60,914
Guangzhou Kaisa City Plaza	Guangzhou	4	115,259	64,191
Guangzhou Toy Town Project	Guangzhou	2	99,037	96,222
Foshan Shunde Kaisa Golden World	Foshan	6(3)	43,154	42,789
Foshan Shunde Kaisa Golden World	Foshan	8	90,272	89,211
Dongguan Le Grand Bleu	Dongguan	2	158,773	158,773
Huizhou Kaisa Center	Huizhou	3	168,559	108,439
Huizhou Riverbank New Town	Huizhou	3(3)	23,421	20,233
Huizhou Riverbank New Town	Huizhou	5	177,623	143,176
Huizhou Riverbank New Town	Huizhou	6	107,939	87,712
Huizhou Riverbank New Town	Huizhou	8	29,671	28,758
Zhuhai Golden World	Zhuhai	2	56,789	41,543
Zhuhai Golden World	Zhuhai	3	92,042	78,503
Chengdu Kaisa City Plaza	Chengdu	3	96,246	84,977
Chengdu Kaisa City Plaza	Chengdu	4	96,558	80,041
Chengdu Kaisa Leading Town	Chengdu	2	213,447	154,624

Project	Commencement Time	Status of Pre-sale permit	Estimated Completion Time	Interest Attributable to us
Shenzhen Kaisa City Plaza	March 2017	Not yet obtained	2020 2nd quarter	100%
Shenzhen Kaisa City Plaza	July 2014	Not yet obtained	2019 2nd quarter	100%
Shenzhen Yantian City Plaza	April 2017	Not yet obtained	2018 4th quarter	100%
Shenzhen Kaisa Qianhai Plaza	March 2016	Yes	2018 2nd quarter	51%
Guangzhou Kaisa Mansion No. 1	January 2015	Yes	2018 3rd quarter	100%
Guangzhou Sky Villa	December 2016	Not yet obtained	2018 4th quarter	100%
Guangzhou Sky Villa	April 2017	Not yet obtained	2019 2nd quarter	100%
Guangzhou Kaisa City Plaza	August 2014	Yes	2018 4th quarter	100%
Guangzhou Kaisa City Plaza	November 2015	Yes	2017 4th quarter	100%
Guangzhou Kaisa City Plaza	November 2015	Yes	2018 2nd quarter	100%
Guangzhou Kaisa City Plaza	November 2015	Not yet obtained	2018 4th quarter	100%
Guangzhou Toy Town Project	August 2011	Not yet obtained	2020 1st quarter	90%
Foshan Shunde Kaisa Golden World	April 2016	Yes	2017 4th quarter	100%
Foshan Shunde Kaisa Golden World	August 2011	Not yet obtained	2018 4th quarter	100%
Dongguan Le Grand Bleu	May 2016	Not yet obtained	2019 2nd quarter	100%
Huizhou Kaisa Center	August 2013	Yes	2017 2nd quarter	100%
Huizhou Riverbank New Town	February 2014	Not yet obtained	2018 2nd quarter	100%
Huizhou Riverbank New Town	September 2016	Not yet obtained	2019 1st quarter	100%
Huizhou Riverbank New Town	December 2016	Not yet obtained	2019 1st quarter	100%
Huizhou Riverbank New Town	September 2015	Not yet obtained	2018 2nd quarter	100%
Zhuhai Golden World	May 2012	Not yet obtained	2018 2nd quarter	100%
Zhuhai Golden World	December 2012	Not yet obtained	2019 4th quarter	100%
Chengdu Kaisa City Plaza	February 2016	Yes	2018 1st quarter	100%
Chengdu Kaisa City Plaza	April 2016	Not yet obtained	2018 1st quarter	100%
Chengdu Kaisa Leading Town	April 2015	Yes	2017 4th quarter	100%

Project Portfolio (continued)

Project	City	Project Phase	Total GFA or Estimated Total GFA (sq. m.)	Saleable GFA or Estimated Total Saleable GFA (sq. m.)
Chongqing Kaisa Plaza	Chongqing	2(2)	152,182	152,182
Chongqing Kaisa Bright Harbour	Chongqing	2	88,377	78,201
Chongqing Kaisa Bright Harbour	Chongqing	3	93,272	85,433
Anshan Monarch Residence	Anshan	1	43,866	40,583
Anshan Kaisa Plaza	Anshan	1-2	12,884	12,884
Huludao Suizhong Kaisa Dongdaihe	Huludao	1	633,596	482,917
Huludao Suizhong Kaisa Dongdaihe	Huludao	2	280,488	271,349
Weifang Kaisa Golden World	Weifang	1	27,922	15,855
Weifang Kaisa Golden World	Weifang	2	103,190	60,898
Qingdao Kaisa Lake View Place	Qingdao	2	88,613	65,864
Qingdao Kaisa Lake View Place	Qingdao	3(1)	58,085	29,603
Dandong Kaisa Mansion No. 1	Dandong	2	89,315	57,209
Liaoyang Hot Spring Resort Project	Liaoyang	1-10	108,570	40,290
Dalian Kaisa Center	Dalian	-	81,849	81,849
Changsha Meixi Lake Project	Changsha	2	88,010	88,010
Changsha Meixi Lake Project	Changsha	3	263,661	207,456
Wuhan Kaisa Mansion No. 1	Wuhan	-	156,136	119,219
Shanghai Kaisa City Plaza	Shanghai	2	78,431	53,808
Shanghai Kaisa City Plaza	Shanghai	3	128,315	83,859
Shanghai Pudong Project	Shanghai	-	77,811	77,811
Shanghai Kaisa Monarch Residence	Shanghai	-	212,240	141,267
Hangzhou Puyu Court	Hangzhou	-	207,476	140,336
Suzhou Kaisa Plaza	Suzhou	1	72,448	57,227
Suzhou Kaisa Plaza	Suzhou	2	50,768	36,607
Suzhou Kaisa Monarch Residence	Suzhou	1-2	197,069	167,509
Nanjing Kaisa City Plaza	Nanjing	2	118,189	83,302
Nanjing Kaisa City Plaza	Nanjing	3	191,880	127,878
<b>Total</b>			<b>6,668,724</b>	<b>4,816,932</b>

Project	Commencement Time	Status of Pre-sale permit	Estimated Completion Time	Interest Attributable to us
Chongqing Kaisa Plaza	October 2016	Yes	2017 4th quarter	100%
Chongqing Kaisa Bright Harbour	May 2015	Yes	2017 2nd quarter	100%
Chongqing Kaisa Bright Harbour	October 2016	Yes	2017 3rd quarter	100%
Anshan Monarch Residence	April 2017	Not yet obtained	2018 4th quarter	100%
Anshan Kaisa Plaza	October 2016	Not yet obtained	2017 4th quarter	100%
Huludao Suizhong Kaisa Dongdaihe	October 2011	Yes	2017 3rd quarter	100%
Huludao Suizhong Kaisa Dongdaihe	August 2013	Yes	2017 4th quarter	100%
Weifang Kaisa Golden World	November 2012	Yes	2017 3rd quarter	100%
Weifang Kaisa Golden World	May 2013	Not yet obtained	2018 3rd quarter	100%
Qingdao Kaisa Lake View Place	May 2014	Yes	2018 3rd quarter	100%
Qingdao Kaisa Lake View Place	June 2017	Not yet obtained	2019 4th quarter	100%
Dandong Kaisa Mansion No. 1	June 2016	Yes	2017 4th quarter	100%
Liaoyang Hot Spring Resort Project	April 2014	Yes	2019 2nd quarter	100%
Dalian Kaisa Center	September 2013	Yes	2017 4th quarter	100%
Changsha Meixi Lake Project	November 2015	Yes	2017 4th quarter	100%
Changsha Meixi Lake Project	January 2017	Not yet obtained	2019 3rd quarter	100%
Wuhan Kaisa Mansion No. 1	November 2014	Yes	2017 4th quarter	100%
Shanghai Kaisa City Plaza	December 2013	Yes	2017 4th quarter	100%
Shanghai Kaisa City Plaza	March 2014	Yes	2017 4th quarter	100%
Shanghai Pudong Project	March 2016	Not yet obtained	2018 4th quarter	100%
Shanghai Kaisa Monarch Residence	June 2016	Yes	2018 4th quarter	51%
Hangzhou Puyu Court	May 2014	Yes	2017 2nd quarter	100%
Suzhou Kaisa Plaza	August 2014	Yes	2017 3rd quarter	100%
Suzhou Kaisa Plaza	March 2016	Yes	2018 2nd quarter	100%
Suzhou Kaisa Monarch Residence	November 2014	Yes	2017 4th quarter	100%
Nanjing Kaisa City Plaza	February 2016	Yes	2018 2nd quarter	100%
Nanjing Kaisa City Plaza	April 2016	Not yet obtained	2018 1st quarter	100%

## PROPERTIES HELD FOR FUTURE DEVELOPMENT

The table below sets forth certain information of our property projects held for future development as at 30 June 2017.

Project	Location	Project Phase	Estimated Total GFA (sq. m.)	Estimated Completion Time <sup>(1)</sup>
Shenzhen Kaisa Financial Center	Shenzhen	–	142,000	2020
Shenzhen Kaisa City Plaza	Shenzhen	3	265,400	2020
Shenzhen Yantian City Plaza	Shenzhen	1-3	475,196	2019
Shenzhen Kaisa Golden Bay International Park	Shenzhen	1-4	516,030	2019
Shenzhen Pinghu Kaisa Plaza	Shenzhen	1-3	475,000	2019
Shenzhen Kaisa Future City	Shenzhen	1-2	260,000	2019
Shenzhen Nan'ao Project	Shenzhen	–	51,930	2020
Guangzhou Toy Town Project	Guangzhou	2-3	217,488	2021
Foshan Shunde Kaisa Golden World	Foshan	6-9	175,936	2017
Foshan Jingyue Project	Foshan	–	72,031	2020
Dongguan Le Grand Bleu	Dongguan	3-4	341,288	2019
Dongguan Shilong Project	Dongguan	–	10,131	2019
Dongguan Fenggang Project	Dongguan	–	303,258	2020
Huizhou Yuan Zhou Project	Huizhou	–	61,200	2018
Huizhou Riverbank New Town	Huizhou	7-10	3,278,567	2017
Huizhou Kaisa Mountain Bay	Huizhou	1-3	295,754	2017
Huizhou Kaisa Times Mocha Town	Huizhou	1-5	642,616	2018
Huizhou Boluo Woodland Height	Huizhou	1-4	441,810	2020
Zhuhai Lake View Waldorf Garden	Zhuhai	2-3	370,115	2018
Zhuhai Golden World	Zhuhai	4	57,935	2017
Zhuhai Kaisa Monarch Residence	Zhuhai	–	28,958	2018
Chengdu Kaisa Mansion No. 8	Chengdu	4-6	292,427	2018
Chongqing Kaisa Plaza	Chongqing	2-3	86,968	2017
Chongqing Kaisa Bright Harbour	Chongqing	3-10	600,630	2020
Shenyang Kaisa Yuefeng	Shenyang	–	38,844	2019
Yingkou Dragon Bay	Yingkou	2	259,911	2020
Anshan Monarch Residence	Anshan	2	345,350	2018
Anshan Lake View Waldorf	Anshan	2	183,735	2020
Panjin Kaisa Center	Panjin	2	185,070	2018
Huludao Suizhong Kaisa Dongdaihe	Huludao	2-4	1,014,900	2018
Qingdao Kaisa Lake View Place	Qingdao	3	65,018	2019
Dandong Kaisa Mansion No. 1	Dandong	2-3	117,281	2018
Liaoyang Hot Spring Resort Project	Liaoyang	3-10	200,544	2019
Wuhan Kaisa Plaza	Wuhan	–	143,162	2019
Zhengzhou Xinzheng Project #12	Zhengzhou	–	91,500	2019
Zhengzhou Xinzheng Project #14	Zhengzhou	–	65,800	2018
Taizhou Kaisa Mansion No. 1	Taizhou	2-3	253,896	2018
Shaoxing Kaisa Monarch Residence	Shaoxing	–	47,939	2018
Suzhou Kaisa Yufeng	Suzhou	–	59,822	2019
Shanghai Kaisa Mansion No. 8	Shanghai	2	135,452	2018
Shanghai City Garden	Shanghai	–	42,543	2019
<b>Total</b>			<b>12,713,434</b>	

Note:

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

## SHARE OPTION SCHEME

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

### (1) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Company to grant options of the Company to eligible participants with the view to achieving the following objectives.

- (i) motivate the Eligible Participants (as defined below) to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

### (2) Participants of the Share Option Scheme

Participants of the Share Option Scheme include any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries, any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, advisers and agents to the Company or any of its subsidiaries (the “**Eligible Participants**”).

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

The total number of Shares which may be issued upon exercise of all Share options granted and yet to be exercised under the Share Option Scheme and other schemes of the Company must not exceed 30% of the Shares in issue from time to time. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and options under the other schemes of the Company is not permitted to exceed 10% limit, unless with the prior approval from the shareholders of the Company. The Share Option Scheme limit was refreshed at the extraordinary general meeting held on 31 March 2014. As at 30 June 2017, the maximum number of the Shares available for issue upon exercise of all Share options which may be granted under the Share Option Scheme is 496,511,100 Shares, representing approximately 9.67% of the issued share capital of the Company as at the date of the report.

During the six months ended 30 June 2017, no options were granted under the Share Option Scheme. For the six months ended 30 June 2017, a total of 2,124,000 options were exercised, no options were cancelled, and a total of 1,318,000 options were forfeited/lapsed.

### (4) Maximum entitlement of each Participant

Unless approved by the shareholders of the Company, the maximum number of Shares issued and to be issued upon exercise of the options pursuant to the Share Option Scheme and any other share option schemes of the Company to each participant of the Share Option Scheme in any 12-month period up to and including the date of grant of the options shall not exceed 1% of the total number of Shares in issue as at the date of grant.

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

The period within which the options must be exercised will be specified by the Company at the time of grant, provided that such period of time shall not exceed a period of ten years commencing on the date on which the share option is deemed to be granted and accepted.



**(6) Payment on acceptance of option offer**

HK\$1.00 is payable by the participant of the Share Option Scheme to the Company upon acceptance of the option offered as consideration for the grant.

**(7) Basis of determining the subscription price**

The subscription price per Share under the Share Option Scheme is determined by the Board and notified to each participant and shall be no less than the highest of (i) the official closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant; (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of grant.

**(8) Remaining life of the Share Option Scheme**

The Share Option Scheme will remain valid until 9 December 2019 after which no further options may be granted. In respect of all options which remain exercisable on such date, the provisions of the Share Option Scheme shall remain in full force and effect. The summary below sets out the details of options granted as at 30 June 2017 pursuant to the Share Option Scheme:

Grantee	Balance as of 1 January 2017 (Note 1)	Grant during the six months ended 30 June 2017	Exercised during the six months ended 30 June 2017	Cancelled/ forfeited/ lapsed during the six months ended 30 June 2017	Balance as of 30 June 2017
<b>Directors</b>					
SUN Yuenan	20,020,000	-	-	-	20,020,000
YU Jianqing	6,000,000	-	-	-	6,000,000
ZHANG Yizhao	1,000,000	-	-	-	1,000,000
RAO Yong	1,000,000	-	-	-	1,000,000
ZHENG Yi	588,000	-	-	-	588,000
<b>Other employees</b>					
In aggregate	78,860,000	-	(2,124,000)	(1,318,000)	75,418,000
<b>Total</b>	<b>107,468,000</b>	<b>-</b>	<b>(2,124,000)</b>	<b>(1,318,000)</b>	<b>104,026,000</b>

As at 30 June 2017, a total of 101,626,000 options were exercisable.

Note:

- (1) For the information on the date of grant, exercise period and exercise price in relation to the outstanding Share options as at 1 January 2017, please refer to Note 28 to the unaudited condensed consolidated interim financial information. Save as disclosed above, the outstanding share options are exercised during the following periods: (i) up to 20% of the share options granted to the grantees at any time after the expiration of 12 months from the respective date of grant; (ii) up to 20% of the share options granted to the grantees at any time after the expiration of 24 months from the respective date of grant; (iii) up to 20% of the share options granted to the grantees at any time after the expiration of 36 months from the respective date of grant; (iv) up to 20% of the share options granted to the grantees at any time after the expiration of 48 months from the respective date of grant; and (v) all the remaining the share options granted to the grantees at any time after the expiration of 60 months from respective date of grant.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

The interests and short positions of Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as at 30 June 2017 as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") are set out as follows:

### (i) Long positions in the Shares:

Name of Director	Capacity	Number of Shares	Approximate percentage of the issued share capital of the Company (Note) (%)
KWOK Ying Shing	Interest in a controlled corporation	843,065,378	16.41%
MAI Fan	Interest of spouse	826,000	0.02%

Note: The percentages were calculated based on 5,137,551,910 Shares in issue as at 30 June 2017.

### (ii) Long positions in the underlying Shares:

Name of Director	Capacity	Number of the underlying Shares	Approximate percentage of the issued share capital of the Company (Note) (%)
SUN Yuenan	Beneficial owner	20,020,000	0.39%
YU Jianqing	Beneficial owner	6,000,000	0.12%
ZHANG Yizhao	Beneficial owner	1,000,000	0.02%
RAO Yong	Beneficial owner	1,000,000	0.02%
ZHENG Yi	Beneficial owner	588,000	0.01%

Note:

The percentages were calculated based on 5,137,551,910 Shares in issue as at 30 June 2017, assuming all the options granted under the Share Option Scheme have been exercised.

Save for those disclosed above, as at 30 June 2017, none of the Directors or chief executive had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2017, so far as the Directors are aware, persons other than the Directors or chief executive of the Company, who had interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are set out as follows:

Name of substantial shareholder	Capacity	Number of shares (Note 1)	Approximate percentage of the issued share capital of the Company (%)
Da Chang	Beneficial owner	625,673,378 (L) (Note 2)	12.18%
Da Feng	Beneficial owner	843,065,378 (L) (Note 2)	16.41%
Da Zheng	Beneficial owner	843,065,377 (L) (Note 2)	16.41%
Funde Sino Life Insurance Co., Ltd.	Beneficial owner	649,700,957 (L)	29.93%
	Interest in a controlled corporation	887,995,149 (L) (Note 3)	
Fund Resources Investment Holding Group Company Limited	Beneficial owner	887,995,149 (L)	17.28%
Kwok Ying Chi	Interest in a controlled corporation	843,065,377 (L)	16.41%
Kwok Hiu Kwan	Interest in a controlled corporation	625,673,378 (L)	12.18%

### Notes:

- The letter "L" denotes the person's long position in the Shares and the letter "S" denotes the person's short position in the Shares.
- Each of Da Zheng Investment Company Limited ("**Da Zheng**"), Da Feng Investment Company Limited ("**Da Feng**") and Da Chang Investment Company Limited ("**Da Chang**") is wholly owned by Mr. Kwok Ying Chi, Mr. Kwok Ying Shing and Mr. Kwok Hiu Kwan, respectively.
- 887,995,149 Shares were held by Fund Resources Investment Holding Group Company Limited, which was wholly owned by Funde Sino Life Insurance Co., Ltd. as at 30 June 2017. By virtue of SFO, Funde Sino Life Insurance Co., Ltd is deemed to be interested in Shares held by Fund Resources Investment Holding Group Company Limited.
- The percentage were calculated based on 5,137,551,910 shares in issue as at 30 June 2017.

Save for those disclosed above, as at 30 June 2017, to the best of the Directors' knowledge, no other persons had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.



## TO THE BOARD OF DIRECTORS OF KAISA GROUP HOLDINGS LTD.

*(incorporated in the Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the interim financial information of Kaisa Group Holdings Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 36 to 89, which comprises the condensed consolidated interim statement of financial position as at 30 June 2017 and the related condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

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

### CONCLUSION

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

#### **Grant Thornton Hong Kong Limited**

*Certified Public Accountants*

Level 12

28 Hennessy Road

Wanchai

Hong Kong

29 August 2017

**Lin Ching Yee Daniel**

Practising Certificate No.: P02771

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

For the six months ended 30 June 2017

		Unaudited Six months ended 30 June	
		2017	2016
		RMB'000	RMB'000
	Notes		
<b>Revenue</b>	5	<b>8,586,802</b>	4,997,768
Cost of sales	6	<b>(5,728,185)</b>	(4,116,807)
<b>Gross profit</b>		<b>2,858,617</b>	880,961
Other gains and (losses), net	7	<b>480,216</b>	23,140
Selling and marketing costs	6	<b>(262,086)</b>	(280,616)
Administrative expenses	6	<b>(788,016)</b>	(570,372)
Changes in fair value of investment properties	12	<b>1,320,415</b>	4,573,475
Changes in fair value of financial derivatives		<b>(321,816)</b>	-
<b>Operating profit</b>		<b>3,287,330</b>	4,626,588
Share of results of associates	14(a)	<b>(31,818)</b>	8,249
Share of results of joint ventures	14(b)	<b>(9,202)</b>	-
Finance income		<b>57,486</b>	14,841
Finance costs		<b>(70,442)</b>	(772,510)
<b>Finance costs, net</b>	8	<b>(12,956)</b>	(757,669)
<b>Profit before income tax</b>		<b>3,233,354</b>	3,877,168
Income tax expenses	9	<b>(1,429,459)</b>	(1,355,313)
<b>Profit for the period</b>		<b>1,803,895</b>	2,521,855
<b>Profit/(loss) for the period attributable to:</b>			
Equity holders of the Company		<b>1,890,586</b>	2,529,588
Non-controlling interests		<b>(86,691)</b>	(7,733)
		<b>1,803,895</b>	2,521,855
<b>Other comprehensive loss, including reclassification adjustments</b>			
<i>Item that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		<b>(12,309)</b>	-
<b>Other comprehensive loss for the period, including reclassification adjustments</b>		<b>(12,309)</b>	-
<b>Total comprehensive income for the period</b>		<b>1,791,586</b>	2,521,855



# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property and equipment	12	1,109,467	1,087,064
Investment properties	12	34,632,590	30,690,680
Land use rights	12	162,442	163,178
Goodwill and intangible assets	13	415,927	217,798
Investments in associates	14(a)	1,300,418	1,331,121
Investments in joint ventures	14(b)	931,747	931,751
Available-for-sale financial assets	15	155,338	154,538
Other receivables	17	79,800	–
Deferred tax assets		14,710	26,543
		<b>38,802,439</b>	<b>34,602,673</b>
<b>Current assets</b>			
Properties under development	16	66,926,803	60,559,839
Completed properties held for sale	16	18,419,207	16,246,233
Available-for-sale financial assets	15	13,000	13,104
Financial assets at fair value through profit or loss		61,588	–
Debtors, deposits and other receivables	17	10,534,486	5,786,042
Deposits for land acquisition	16	19,030,537	17,693,750
Prepayments for proposed development projects		11,743,267	13,620,415
Prepaid taxes		1,282,404	727,280
Restricted cash		9,700,883	5,696,597
Short-term bank deposits		479,367	56,917
Cash and bank balances		14,621,696	10,819,117
		<b>152,813,238</b>	<b>131,219,294</b>
<b>Current liabilities</b>			
Advance proceeds received from customers and deposits received	18	35,863,820	27,973,395
Accrued construction costs		9,952,695	10,704,790
Income tax payable		4,706,208	4,440,460
Borrowings	19	14,024,348	7,762,301
Financial derivatives	20	586,435	263,822
Other payables	21	8,246,755	6,816,833
Amounts due to non-controlling interests of subsidiaries	22	565,192	836,019
		<b>73,945,453</b>	<b>58,797,620</b>

Condensed Consolidated Interim Statement of Financial Position (continued)  
As at 30 June 2017

	Notes	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
<b>Net current assets</b>		<b>78,867,785</b>	72,421,674
<b>Total assets less current liabilities</b>		<b>117,670,224</b>	107,024,347
<b>Non-current liabilities</b>			
Borrowings	19	<b>88,179,749</b>	79,774,515
Deferred tax liabilities		<b>4,533,536</b>	4,203,433
		<b>92,713,285</b>	83,977,948
<b>Net assets</b>		<b>24,956,939</b>	23,046,399
<b>EQUITY</b>			
Share capital	23	<b>450,640</b>	450,450
Share premium	23	<b>4,257,607</b>	4,253,704
Reserves	24	<b>10,124,425</b>	8,241,973
<b>Equity attributable to equity holders of the Company</b>		<b>14,832,672</b>	12,946,127
<b>Non-controlling interests</b>		<b>10,124,267</b>	10,100,272
<b>Total equity</b>		<b>24,956,939</b>	23,046,399

Director  
**Kwok Ying Shing**

Director  
**Mai Fan**

The notes on pages 42 to 89 are an integral part of this condensed consolidated interim financial information.



# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

Unaudited						
Capital and reserves attributable to equity holders of the Company						
	Share capital	Share premium	Reserves	Total	Non-controlling interests	Total equity
	RMB'000 (note 23)	RMB'000 (note 23)	RMB'000 (note 24)	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2016	450,450	4,253,704	8,845,390	13,549,544	(349,899)	13,199,645
Profit and total comprehensive income/(loss) for the period	-	-	2,529,588	2,529,588	(7,733)	2,521,855
<b>Transactions with owners</b>						
Acquisitions of subsidiaries (note 27)	-	-	(214)	(214)	10,181,434	10,181,220
Share-based payments	-	-	4,045	4,045	-	4,045
Balance as at 30 June 2016	450,450	4,253,704	11,378,809	16,082,963	9,823,802	25,906,765
Balance as at 1 January 2017	<b>450,450</b>	<b>4,253,704</b>	<b>8,241,973</b>	<b>12,946,127</b>	<b>10,100,272</b>	<b>23,046,399</b>
Profit/(loss) for the period	-	-	<b>1,890,586</b>	<b>1,890,586</b>	<b>(86,691)</b>	<b>1,803,895</b>
Other comprehensive loss for the period	-	-	<b>(8,622)</b>	<b>(8,622)</b>	<b>(3,687)</b>	<b>(12,309)</b>
Total comprehensive income/ (loss) for the period	-	-	<b>1,881,964</b>	<b>1,881,964</b>	<b>(90,378)</b>	<b>1,791,586</b>
<b>Transactions with owners</b>						
Acquisitions of subsidiaries (note 27)	-	-	-	-	<b>106,873</b>	<b>106,873</b>
Capital injection by non-controlling interests	-	-	-	-	<b>7,500</b>	<b>7,500</b>
Issue of shares on exercise of share options	<b>190</b>	<b>3,903</b>	<b>(1,114)</b>	<b>2,979</b>	-	<b>2,979</b>
Share-based payments	-	-	<b>1,602</b>	<b>1,602</b>	-	<b>1,602</b>
<b>Balance as at 30 June 2017</b>	<b>450,640</b>	<b>4,257,607</b>	<b>10,124,425</b>	<b>14,832,672</b>	<b>10,124,267</b>	<b>24,956,939</b>

The notes on pages 42 to 89 are an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Notes	Unaudited Six months ended 30 June	
		2017 RMB'000	2016 RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		2,813,532	10,095,790
Income tax paid		(1,382,342)	(735,670)
Interest paid		(3,233,536)	(2,098,047)
<i>Net cash (used in)/from operating activities</i>		<b>(1,802,346)</b>	7,262,073
<b>Cash flows from investing activities</b>			
Additions of property and equipment	12	(74,654)	(60,848)
Additions to investment properties	12	(1,689,293)	(2,515,902)
Additions to intangible assets	13	(264,031)	(26,852)
Acquisition of joint ventures	14(b)	(9,998)	-
Acquisition of available-for-sale financial assets	15	(1,800)	-
Acquisitions of subsidiaries, net of cash acquired	27	(927,773)	(5,762,005)
Increase in amounts due from joint ventures		(77,158)	-
Decrease in amounts due from associates		140,402	-
Increase in investments in associates	14(a)	(14,000)	-
(Increase)/decrease in other receivables		(2,060,561)	133,105
Increase in short-term bank deposits		(422,450)	(21,726)
Dividend income received from available-for-sale financial assets		22,225	-
Interest received		57,486	14,841
Payment for consideration payables related to purchase of subsidiaries		(182,878)	-
Purchase of financial assets at fair value through profit or loss		(59,114)	-
Proceeds from disposal of available-for-sale financial assets		1,104	-
Proceeds from disposal of property and equipment		1,674	-
Proceeds from disposal of associates		12,885	-
Proceeds from disposal of joint ventures		800	-
<i>Net cash used in investing activities</i>		<b>(5,547,134)</b>	(8,239,387)
<b>Cash flows from financing activities</b>			
Capital injection by non-controlling interests		7,500	-
Increase in other payables		357,082	72,016
Increase in amounts due to associates		-	177,157
Increase in restricted cash relating to borrowings		(3,510,920)	(827,055)
Decrease in amounts due to non-controlling interests of subsidiaries		(270,827)	-
Proceeds from bank and other borrowings	19(c)	13,614,887	14,493,345
Proceeds from issuance of new Senior Notes	19(a)	5,362,071	-
Proceeds from exercise of share options	23	4,093	-
Repayments of bank and other borrowings	19(c)	(4,347,450)	(8,724,823)
<i>Net cash generated from financing activities</i>		<b>11,216,436</b>	5,190,640
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period		3,866,956	4,213,326
Exchange adjustments		10,819,117	2,324,546
		(64,377)	2,459
Cash and cash equivalents at end of period, represented by cash and bank balances		<b>14,621,696</b>	6,540,331

The notes on pages 42 to 89 are an integral part of this condensed consolidated interim financial information.

# NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 1. GENERAL INFORMATION

Kaisa Group Holdings Ltd. (the “Company”) was incorporated in the Cayman Islands on 2 August 2007, as an exempted company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands.

The Company are engaged in investment holding and the subsidiaries of the Company are principally engaged in property development, property investment, property management, hotel and catering operations, cinema, department store and cultural centre operations, and water-way passenger and cargo transportation.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated, and was authorised for issue by the Board of Directors on 29 August 2017.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

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

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in the annual financial statements, except as described below:

- (i) The following additional accounting policies are adopted as a result of the formation of joint operations and acquisition of financial assets at fair value through profit or loss occurred during the period:

### *Interests in joint operations*

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group recognises in relation to its interests in joint operations:

- (i) its assets, including its share of any assets held jointly;
- (ii) its liabilities, including its share of any liabilities incurred jointly;
- (iii) its revenue from the sale of its share of the output arising from the joint operations;
- (iv) its share of the revenue from the sale of the output by the joint operations; and
- (v) its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenue and expenses relating to the Group's interests in joint operations are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenue and expenses.

### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Financial assets at fair value through profit or loss are carried in the condensed consolidated interim statement of financial position at fair value with net changes in fair value recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition".

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

- (ii) Taxes on income in the six months ended 30 June 2017 and 2016 are accrued using the tax rate that would be applicable to expected total annual earnings.

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

### (iii) New and amended standards adopted by the Group

The following amended standards that may be relevant to the Group's operations have been adopted by the Group for the first time for the financial period beginning on 1 January 2017.

HKAS 7 (Amendments)	Disclosure initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle: Amendments to HKFRS 12

The application of the above amended standards which are effective for the financial period beginning on 1 January 2017 did not have material financial effect to the Group.

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

The following new/revised standards, amendments and improvements have been issued but were not yet effective for the financial period beginning on 1 January 2017 that are relevant to and have not been adopted early by the Group:

		Effective for the accounting period beginning on or after
HKAS 40 (Amendments)	Transfers of Investment Property	1 January 2018
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers	1 January 2018
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKFRSs	Annual Improvement to HKFRSs 2014-2016 Cycle	1 January 2018
HK (IFRIC) – Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

Other than as disclosed below, the Directors of the Company anticipate that the application of the other new and revised HKFRSs will have no significant impact on the financial performance and the financial position of the Group.

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

### (iv) **New standards, amendments to standards and interpretation that have been issued but are not yet effective** *(continued)*

HKFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39, which is based on the change in credit quality of financial assets since initial recognition.

As at the reporting date, the Group is not yet in a position to estimate the impact of HKFRS 9 on the Group's condensed consolidated interim financial information. The Group will continue to make more detailed assessments of the impact.

HKFRS 15 "Revenue from contracts with customers" replaces HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (i) identify the contract(s) with customer; (ii) identify separate performance obligations in a contract; (iii) determine the transaction price; (iv) allocate transaction price to performance obligations; and (v) recognise revenue when performance obligation is satisfied. The core principal is that a company should recognise revenue when control of a good or service transfers to a customer.

As at the reporting date, the Group is not yet in a position to estimate the impact of HKFRS 15 on the Group's condensed consolidated interim financial information. The Group will continue to make more detailed assessments of the impact.

HKFRS 16 "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on the condensed consolidated interim statements of financial position for lessees. The Group is a lessee of certain offices which are currently classified as operating leases. HKFRS 16 provides a new provision for the accounting treatment of leases when the Group is the lessee, almost all leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). The new standard will therefore result in an increase in assets and financial liabilities in the condensed consolidated interim statements of financial position. As for the financial performance impact in the condensed consolidated interim statements of profit or loss and other comprehensive income, straight-line depreciation expense on the right-of-use asset and the interest expenses on the lease liability are recognised and no rental expenses will be recognised. Based on the Group's undiscounted operating lease commitment as at 30 June 2017, the management expects HKFRS 16 will not have significant impact on the Group's condensed consolidated interim financial information.

### **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

### **4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

#### **4.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

There have been no changes in the risk management policies of the Group since year ended 31 December 2016.

#### **4.2 Fair value estimation**

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

##### 4.2 Fair value estimation *(continued)*

The following table presents the Group's financial asset/(liability) that are measured at fair value as at 30 June 2017 and 31 December 2016.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 30 June 2017 (unaudited)</b>				
<b>Financial asset</b>				
Financial assets at fair value through profit or loss	61,588	-	-	61,588
<b>Financial liability</b>				
Financial derivatives (note 20)	-	-	(586,435)	(586,435)
<b>As at 31 December 2016 (audited)</b>				
<b>Financial asset</b>				
Available-for-sale financial assets (note 15)	1,104	-	-	1,104
<b>Financial liability</b>				
Financial derivatives (note 20)	-	-	(263,822)	(263,822)

During the six months ended 30 June 2017, there were no transfers between level 1, 2 and 3 during the period (2016: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the reporting date in which they occur.

##### 4.3 Valuation technique used to derive level 1 fair values

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.



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

##### 4.4 Fair value measurements using significant unobservable inputs (level 3)

The reconciliation of the carrying amounts of the Group's financial derivatives within level 3 of the fair value hierarchy is as follows:

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Fair value at 1 January	263,822	–
Additions	482,264	285,322
Derecognition	(229,790)	–
Loss/(gain) recognised in profit or loss	70,139	(21,500)
Fair value at 30 June/31 December	<b>586,435</b>	263,822

For the financial derivative, RMB70,139,000 (six months ended 30 June 2016: nil) was included in "Changes in fair value of financial derivatives" in the condensed consolidated interim statement of profit or loss and other comprehensive income.

The fair value of financial derivatives are determined by using the Binominal option pricing model. The valuation techniques and significant unobservable inputs of the financial derivatives are as follows:

Valuation techniques	Significant unobservable inputs	Sensitivity relationship of unobservable inputs to fair value
Binominal option pricing model		
– Contingent value rights ("CVRs")	Volatility of 53.38% (31 December 2016: 45.51%) Risk free rate of 1.08% (31 December 2016: 1.62%)	The higher of the volatility, the higher of the fair value, and vice versa The higher of the risk free rate, the higher of the fair value, and vice versa
– Convertible bonds: conversion and redemption option	Volatility of 59.1% (31 December 2016: nil) Risk free rate of 0.83% (31 December 2016: nil)	The higher of the volatility, the higher of the fair value, and vice versa The higher of the risk free rate, the higher of the fair value, and vice versa
– Mandatorily exchangeable bonds ("MEB"): conversion and redemption option	Volatility of nil (31 December 2016: 45.62%) Risk free rate of nil (31 December 2016: 1.29%)	The higher of the volatility, the higher of the fair value, and vice versa The higher of the risk free rate, the higher of the fair value, and vice versa

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

##### 4.5 Fair values of financial assets and liabilities carried at amortised cost

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2017 and 31 December 2016 except for the following financial instruments, for which their carrying amounts and fair value are disclosed below:

	Unaudited 30 June 2017		Audited 31 December 2016	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Borrowings:				
– Host liability component of convertible bonds (note 19(b))	1,519,612	2,245,367	–	–
– Host liability component of MEB	–	–	1,453,020	1,602,050
– Senior Notes (note 19(a))	23,943,199	23,493,069	18,799,783	17,790,421

## 5. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified as the executive directors of the Company. The executive directors reviewed the Group's internal reporting in order to assess performance and allocate resources. The management has determined the operating segments based on these reports. The executive directors assessed the performance of each single operating segment based on a measure of segment results. Fair value of financial derivatives, corporate and other unallocated expenses, finance income, finance costs and income tax expenses are not included in the result for each operating segment.

The CODM identified the segments based on the nature of business operations. Specifically, the CODM assessed the performance of sales of properties, rental income, property management services, hotel and catering operations and cinema, department store and cultural centre operations and regarded these being the reportable segments. During the six months ended 30 June 2016, the Group commenced to involve in water-way passenger and cargo transportation operation grouped under other operating segments which was insignificant to present as a separate segment. For the six months ended 30 June 2017, it has become a new reportable and operating segment of the Group.

As the CODM of the Group considers most of the revenue and results of the Group are attributable to the market in the People's Republic of China (the "PRC"), and only an immaterial part (less than 10%) of the Group's assets are located outside the PRC, no geographical segment information is presented.

Revenue for the period consists of the following:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
Sales of properties		
– Completed properties held for sale	<b>5,787,764</b>	4,584,115
– Proposed development project	<b>2,079,641</b>	–
Rental income	<b>125,700</b>	123,342
Property management services	<b>172,614</b>	163,441
Hotel and catering operations	<b>45,380</b>	36,636
Cinema, department store and cultural centre operations	<b>99,832</b>	63,597
Water-way passenger and cargo transportation	<b>249,524</b>	–
Others	<b>26,347</b>	26,637
	<b>8,586,802</b>	4,997,768

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

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2017 is as follows:

	Unaudited							
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Others RMB'000	Total RMB'000
Revenue	7,867,405	136,329	283,881	50,746	205,416	254,606	481,455	9,279,838
Less: Inter-segment revenue	-	(10,629)	(111,267)	(5,366)	(105,584)	(5,082)	(455,108)	(693,036)
Revenue from external customers	7,867,405	125,700	172,614	45,380	99,832	249,524	26,347	8,586,802
Segment results before changes in fair value of investment properties and share of results of associates and joint ventures	2,483,533	74,255	43,014	(27,970)	(276,554)	106,680	18,126	2,421,084
Share of results of associates (note 14(a))	(1,408)	-	-	-	-	2,246	(32,656)	(31,818)
Share of results of joint ventures (note 14(b))	(633)	-	-	-	-	(8,569)	-	(9,202)
Changes in fair value of investment properties (note 12)	-	1,320,415	-	-	-	-	-	1,320,415
Segment results	2,481,492	1,394,670	43,014	(27,970)	(276,554)	100,357	(14,530)	3,700,479
Changes in fair value of financial derivatives								(321,816)
Corporate and other unallocated expenses								(132,353)
Finance income								57,486
Finance costs								(70,442)
Finance costs – net (note 8)								(12,956)
Profit before income tax								3,233,354
Income tax expenses (note 9)								(1,429,459)
Profit for the period								1,803,895

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

Unaudited

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Others RMB'000	Total RMB'000
<b>Other information:</b>								
Depreciation (notes 6 and 12)	21,555	1,786	1,392	2,431	3,468	17,137	2,705	50,474
Amortisation of intangible assets (notes 6 and 13)	-	-	-	-	56,072	-	-	56,072
Amortisation of land use rights (notes 6 and 12)	282	-	-	454	-	-	-	736
Write-down of completed properties held for sale and properties under development (note 7)	17,765	-	-	-	-	-	-	17,765

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

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2016 is as follows:

	Unaudited						
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Others RMB'000	Total RMB'000
Revenue	4,584,115	128,493	269,542	38,474	64,113	26,637	5,111,374
Less: Inter-segment revenue	-	(5,151)	(106,101)	(1,838)	(516)	-	(113,606)
Revenue from external customers	4,584,115	123,342	163,441	36,636	63,597	26,637	4,997,768
Segment results before changes in fair value of investment properties and share of results of associates	90,059	59,337	59,419	(27,516)	(63,100)	10,349	128,548
Share of results of associates (note 14(a))	8,249	-	-	-	-	-	8,249
Changes in fair value of investment properties (note 12)	-	4,573,475	-	-	-	-	4,573,475
Segment results	98,308	4,632,812	59,419	(27,516)	(63,100)	10,349	4,710,272
Corporate and other unallocated expenses							(75,435)
Finance income							14,841
Finance costs							(772,510)
Finance costs – net (note 8)							(757,669)
Profit before income tax							3,877,168
Income tax expenses (note 9)							(1,355,313)
Profit for the period							2,521,855

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

	Unaudited							
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
<b>Other information:</b>								
Depreciation (notes 6 and 12)	13,591	1,881	1,509	10,932	3,679	-	1,946	33,538
Amortisation of land use rights (notes 6 and 12)	1,051	-	-	934	1,158	-	-	3,143
Write-down of completed properties held for sale and properties under development (note 7)	8,333	-	-	-	-	-	-	8,333

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

The segment assets and liabilities as at 30 June 2017 are as follows:

Unaudited								
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	313,934,545	20,513,639	3,826,791	2,631,767	75,126,444	26,848,437	(252,792,986)	190,088,637
Unallocated								1,527,040
<b>Total assets</b>								<b>191,615,677</b>
Segment liabilities	256,105,691	6,097,961	1,880,105	2,236,511	30,454,163	15,869,573	(214,334,377)	98,309,627
Unallocated								68,349,111
<b>Total liabilities</b>								<b>166,658,738</b>
<b>Other information:</b>								
Capital expenditure (notes 12 and 13)	3,996	1,689,955	786	4,730	272,438	56,073	-	2,027,978

The segment assets and liabilities as at 31 December 2016 are as follows:

Audited								
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	267,711,662	17,032,340	3,400,867	2,650,132	68,056,017	25,309,894	(219,260,410)	164,900,502
Unallocated								921,465
<b>Total assets</b>								<b>165,821,967</b>
Segment liabilities	174,256,468	5,601,559	1,595,338	1,868,984	29,757,713	10,177,772	(176,926,797)	46,331,037
Unallocated								96,444,531
<b>Total liabilities</b>								<b>142,775,568</b>
<b>Other information:</b>								
Capital expenditure	4,671	3,404,525	2,101	3,696	25,976	6,522	-	3,447,491



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

For the six months ended 30 June 2017, the Group's largest customer accounted for more than 10% of the Group's total revenue. For the six months ended 30 June 2016, none of the Group's customer accounted for more than 10% of the Group's total revenue.

As at 30 June 2017, segment assets of property development segment and other segments included the investments in associates accounted for using the equity method totalling approximately RMB753,869,000 and RMB546,549,000 (as at 31 December 2016 (audited): RMB777,220,000 and RMB553,901,000) respectively. In addition, the segment assets of property development segment and other segment included the investments in joint ventures of RMB926,869,000 and RMB4,878,000 (as at 31 December 2016 (audited): RMB931,751,000 and RMBnil) accounted for using the equity method.

Segment assets consist primarily of property and equipment, investment properties, investments in joint ventures, investments in associates, goodwill and intangible assets, land use rights, properties under development, completed properties held for sale, debtors, deposits and other receivables, deposits for land acquisition, prepayments for proposed development projects, restricted cash, short-term bank deposits and cash and bank balances. They exclude available-for-sale financial assets, financial assets at fair value through profit or loss, deferred tax assets and prepaid taxes.

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

## 6. EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Auditor's remuneration	1,900	2,300
Advertising and other promotional costs	84,290	125,236
Agency fee	27,192	44,269
Amortisation of land use rights (note 12)	736	3,143
Amortisation of intangible assets (note 13)	56,072	-
Business taxes/value-added taxes (note)	174,287	276,261
Cost of properties sold	4,993,411	3,632,864
Depreciation (note 12)	50,474	33,538
Direct operating expenses arising from investment properties	6,609	3,887
Donations	628	16,002
Legal and professional fees	72,611	91,982
Office expenses	50,951	36,574
Operating lease rental	20,395	23,980
Others	580,690	429,279
Staff costs – including directors' emoluments	658,041	248,480
	<b>6,778,287</b>	<b>4,967,795</b>

Note: In accordance with the Circular on the full implementation of Levying Value-Added Tax ("VAT") in place of Business Tax (Caishui No.36, 2016) (the "Circular") jointly issued by the Ministry of Finance and the State Administration of Taxation, taxpayers providing taxable services included in the Circular would be subject to VAT and no longer to business tax starting from 1 May 2016. The Group has applied the Circular since 1 May 2016.

The PRC companies comprising the Group are subject to VAT on their revenue from 1 May 2016 and onwards at the following rates:

- (i) According to the Circular, VAT for sales of properties and income from property investment, in the case that the construction of properties commenced or the investment property was acquired before 1 May 2016, is calculated at a tax rate of 5% based on a simple method. Otherwise, the VAT is calculated at a tax rate of 11%.
- (ii) According to the Circular, VAT for property management services, hotel service and catering are calculated at tax rate of 6% and 3% respectively.

## 7. OTHER GAINS AND (LOSSES) – NET

	Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Bad debt of other receivable recovery	450,000	–
Dividend income received from		
– listed available-for-sale financial assets	11	–
– unlisted available-for-sale financial assets	22,214	–
Forfeited customer deposits	6,442	3,168
Government subsidy income (note)	30,278	32,927
Net fair value gain on financial assets at fair value through profit or loss	2,474	–
Net gain/(loss) on disposal of property and equipment	416	(100)
Others	(4,024)	(4,522)
Write-down of completed properties held for sale and properties under development	(17,765)	(8,333)
Write off of intangible assets (note 13)	(9,830)	–
	<b>480,216</b>	23,140

Note: The amount represented the subsidy received from the local government bureau in the PRC as an incentive for the development in the region. There was no unfulfilled conditions and other contingencies attached to the receipt of subsidy.

## 8. FINANCE COSTS – NET

	Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
<b>Finance income</b>		
Interest income	57,486	14,841
<b>Finance costs</b>		
Interest expense:		
– Bank and other borrowings	2,359,897	2,041,024
– Senior notes (note 19(a))	954,992	598,370
– Convertible bonds (note 19(b))	99,873	65,030
Total interest expenses	3,414,762	2,704,424
Less: interests capitalised (note)	(2,912,061)	(2,293,167)
	502,701	411,257
Net exchange gains/losses	(432,259)	361,253
	70,442	772,510
<b>Finance costs – net</b>	<b>(12,956)</b>	<b>(757,669)</b>

Note: The capitalisation rate of borrowings is 13.15% (2016: 12.66%) for the period.

## 9. INCOME TAX EXPENSES

	Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Current income tax		
– PRC enterprise income tax	851,949	157,116
– PRC land appreciation tax	247,407	54,828
Deferred tax	330,103	1,143,369
	1,429,459	1,355,313

Income tax expense for the six months ended 30 June 2017 and 2016 is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

### Cayman Islands income tax

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

### Hong Kong profits tax

No Hong Kong profits tax was provided for the six months ended 30 June 2017 and 2016 as the Group has no assessable profits arising in or derived from Hong Kong for the periods.

### PRC enterprise income tax

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (six months ended 30 June 2016: 25%).

### PRC land appreciation tax

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

## 10. EARNINGS PER SHARE

### (a) Basic

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

	Unaudited Six months ended 30 June	
	2017	2016
Profit attributable to equity holders of the Company (RMB'000)	1,890,586	2,529,588
Weighted average number of ordinary shares in issue	5,136,367,766	5,135,427,910
Basic earnings per share (RMB)	0.368	0.493

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company of RMB1,890,586,000 (unaudited) (2016: RMB2,529,588,000 (unaudited)) and the weighted average number of 5,136,367,766 (2016: 5,135,427,910) ordinary shares, after adjusting for the issue of shares on exercise of share options during the period.

### (b) Diluted

(i) Profit attributable to equity holders of the Company

	Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Profit attributable to equity holders of the Company	1,890,586	2,529,588
After tax effect of effective interest on the liability component of convertible bonds	-	5,277
Profit attributable to equity holders of the Company used to determine diluted earnings per share	1,890,586	2,534,865

## 10. EARNINGS PER SHARE *(continued)*

### (b) Diluted *(continued)*

(ii) Weighted average number of ordinary shares

	Number of shares	
	Six months ended 30 June	
	2017	2016
Weighted average number of ordinary shares in issue as at 30 June	5,136,367,766	5,135,427,910
Effect of issue of shares on:		
– Adjustment for the convertible bonds	–	662,184,424
– Adjustment for share options	21,043,365	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	5,157,411,131	5,797,612,334
Diluted earnings per share (RMB)	0.367	0.437

Diluted earnings per share for the six months ended 30 June 2017 is calculated based on the weighted average number of ordinary shares outstanding adjusted to assume conversion or exercise of all dilutive potential ordinary shares (share options).

For the six months ended 30 June 2017, the potential shares arising from the conversion of the Company's convertible bonds would increase the earnings per share attributable to equity holders of the Company and is not taken into account as they had an anti-dilutive effects. For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average semi-annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise in full of the share options.

## 11. DIVIDEND

No interim dividend was declared by the Company for the six months ended 30 June 2017 and 2016.

## 12. PROPERTY AND EQUIPMENT, INVESTMENT PROPERTIES AND LAND USE RIGHTS

	Unaudited		
	Property and equipment RMB'000	Investment properties RMB'000 (note)	Land use rights RMB'000
<b>Six months ended 30 June 2017</b>			
Opening net carrying amount as at 1 January 2017	1,087,064	30,690,680	163,178
Acquisitions of subsidiaries (note 27(a) and 27(b))	2,007	-	-
Additions	74,654	1,689,293	-
Transfer from completed properties held for sales	-	932,202	-
Amortisation (note 6)	-	-	(736)
Depreciation (note 6)	(50,474)	-	-
Disposals	(1,258)	-	-
Increase in fair value	-	1,320,415	-
Exchange realignment	(2,526)	-	-
Closing net carrying amount as at 30 June 2017	1,109,467	34,632,590	162,442

	Unaudited		
	Property and equipment RMB'000	Investment properties RMB'000 (note)	Land use rights RMB'000
<b>Six months ended 30 June 2016</b>			
Opening net carrying amount as at 1 January 2016	760,171	20,738,703	162,942
Transfer from deposits for land acquisition	-	1,942,193	-
Transfer to completed properties held for sale	-	(38,753)	-
Acquisitions of subsidiaries (note 27(c) and 27(d))	313,165	-	-
Additions	60,848	2,515,902	-
Amortisation (note 6)	-	-	(3,143)
Depreciation (note 6)	(33,538)	-	-
Disposals	(100)	-	-
Increase in fair value	-	4,573,475	-
Closing net carrying amount as at 30 June 2016	1,100,546	29,731,520	159,799

Notes:

- (a) Investment properties in the PRC with a total carrying amount of RMB4,676,700,000 (unaudited) (as at 31 December 2016: RMB4,615,500,000 (audited)) represented the Group's share of interests in joint operations.
- (b) The fair value of the Group's investment properties in the PRC had been arrived at on the basis of valuation carried out on that date by Savills Valuation and Professional Services Limited, which is an independent firm of qualified valuers having appropriate qualifications and experience in the valuation of properties. For all investment properties, their current use equates to the highest and best use.

## 12. PROPERTY AND EQUIPMENT, INVESTMENT PROPERTIES AND LAND USE RIGHTS

*(continued)*

### **Fair value measurements using significant unobservable inputs**

Fair values of completed commercial properties are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Fair values of commercial properties under development are generally derived using the combination of direct comparison method by making reference to the comparable market transactions as available in the market and the income capitalisation method by capitalising market rent derived from the properties. This valuation method is essentially a means of valuing the land and properties under development by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

There were no changes to the valuation techniques during the period.

### **Significant inputs used to determine fair value**

Capitalisation and discount rates are estimated by valuers based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

Prevailing market rents per square meter are estimated based on recent lettings within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Estimated costs per square meter to completion and developer's profit margin required are estimated by the valuers based on current market conditions. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The higher the costs or the margins, the lower the fair value.



### 13. GOODWILL AND INTANGIBLE ASSETS

	Unaudited		
	Goodwill RMB'000 (note a)	Contracts with sports players RMB'000 (note b)	Total RMB'000
<b>Six months ended 30 June 2017</b>			
Net carrying amount as at 1 January 2017	121,779	96,019	217,798
Additions	-	264,031	264,031
Written off	-	(9,830)	(9,830)
Amortisation – expensed in administrative expenses (note 6)	-	(56,072)	(56,072)
<b>Net carrying amount as at 30 June 2017</b>	<b>121,779</b>	<b>294,148</b>	<b>415,927</b>

	Unaudited		
	Goodwill RMB'000 (note a)	Contracts with sports players RMB'000 (note b)	Total RMB'000
<b>Six months ended 30 June 2016</b>			
Net carrying amount as at 1 January 2016	-	-	-
Acquisitions of subsidiaries (note 27(d))	106,240	107,437	213,677
Additions	-	26,852	26,852
<b>Net carrying amount as at 30 June 2016</b>	<b>106,240</b>	<b>134,289</b>	<b>240,529</b>

Notes:

- (a) The Group's goodwill arose from business combination in connection with the acquisition of Shenzhen Football Club Co. Ltd.
- (b) The amounts represent the costs to acquire sports players' contracts or to extend their contracts, including the related agent's fees. The amortisation period ranged from 1 to 4 years.

## 14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

### (a) INVESTMENTS IN ASSOCIATES

	Unaudited	
	2017 RMB'000	2016 RMB'000
At 1 January	1,331,121	954,909
Acquisition of subsidiaries (note 27(c))	-	8,913
Capital injection to associates	14,000	-
Disposals	(12,885)	-
Share of results of associates	(31,818)	8,249
At 30 June	1,300,418	972,071

### (b) INVESTMENTS IN JOINT VENTURES

	Unaudited	
	2017 RMB'000	2016 RMB'000
At 1 January	931,751	-
Additions	9,998	-
Disposal	(800)	-
Share of results of joint ventures	(9,202)	-
At 30 June	931,747	-

## 15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Unaudited	
	2017 RMB'000	2016 RMB'000
At 1 January	167,642	10,000
Acquisitions of subsidiaries (note 27(c))	-	96,903
Additions	1,800	-
Disposals	(1,104)	-
	<b>168,338</b>	106,903
Less: non-current portion	<b>(155,338)</b>	(96,903)
At 30 June	<b>13,000</b>	10,000

Available-for-sale financial assets include the following:

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
	Listed equity investments, at fair value	-
Unlisted equity investments, at cost	<b>168,338</b>	166,538
	<b>168,338</b>	167,642

As at 30 June 2017, available-for-sale financial assets are denominated in United States dollars ("US\$") and RMB.

There were no impairment provisions on available-for-sale financial assets made during the six months ended 30 June 2017 (as at 31 December 2016: nil).

## 16. DEPOSITS FOR LAND ACQUISITION, PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

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

As at 31 December 2016, certain properties under development, completed properties held for sale and deposits for land acquisition with aggregate amounts of approximately RMB502,793,000, RMB208,414,000 and RMB2,922,000, respectively, were partially restricted. As at 30 June 2017, the restrictions on these properties have been fully released.

## 17. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Trade receivables (note a)	2,675,348	328,002
Other receivables and deposits (note b)	4,225,500	1,880,992
Prepayments (note c)	1,270,585	1,432,918
Prepaid other taxes	1,506,707	1,144,740
Amounts due from associates (note d)	259,598	400,000
Amounts due from joint ventures (note d)	676,548	599,390
	<b>10,614,286</b>	5,786,042
Less: non-current portion		
Other receivables (note b)	<b>(79,800)</b>	-
	<b>10,534,486</b>	5,786,042

Notes:

- (a) Trade receivables mainly arise from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements. The ageing analysis of trade receivables as at the respective reporting dates is as follows:

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Within 90 days	2,574,635	250,634
91-180 days	1,400	-
181-270 days	763	7,825
271-365 days	-	6
Over 365 days	98,550	69,537
	<b>2,675,348</b>	328,002

Included in the Group's trade receivables balances of RMB2,308,402,000 (unaudited) and nil (audited) as at 30 June 2017 and 31 December 2016, respectively, were not yet due, the balances represented receivables from sales of proposed development project from an independent third party. These receivables were repayable within one year.

## 17. DEBTORS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Notes: *(Continued)*

(a) *(Continued)*

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

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Overdue within 90 days	266,233	250,634
Overdue within 91-180 days	1,400	-
Overdue within 181-270 days	763	7,825
Overdue within 271-365 days	-	6
Overdue over 365 days	98,550	69,537
	<b>366,946</b>	<b>328,002</b>

Receivables that were past due but not impaired primarily represented receivables from sales of residential properties to independent third parties of which the majority of the balances were due from the customers in the process of applying mortgage loans. Generally, no credit terms were granted to these customers. These relate to a number of independent customers for whom there was no recent history of default.

(b) Other receivables and deposits mainly included bills receivables, amounts to be refunded by the government in relation to the land acquisition in the PRC, advances to third parties and deposits.

Included in advances to third parties, those which are repayable over 1 year amounting to RMB79,800,000 are classified as non-current assets.

(c) Prepayments mainly represented prepayments of purchase of construction of materials and services.

(d) The balances due are unsecured, interest-free and repayable on demand.

(e) The carrying amounts of the Group's receivables are mainly denominated in Renminbi.

(f) As at 30 June 2017 and 31 December 2016, there is no provision made for trade and other receivables and no trade and other receivables were impaired.

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

The amount of RMB35,863,820,000 (unaudited) (as at 31 December 2016: RMB27,973,395,000 (audited)) represents deposits and installments received on properties sold to independent third parties after the issuance of pre-sale certificates by local government authorities.

## 19. BORROWINGS

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Borrowings included in current liabilities:		
Senior Notes (note a)	1,338,415	–
Convertible Bonds (note b)	4,459	–
Bank borrowings – secured (note c)	571,172	112,815
Bank borrowings – unsecured (note c)	3,875,815	2,643,664
Other borrowings – secured (note c)	1,245,000	300,000
Other borrowings – unsecured (note c)	4,112,487	1,828,822
Loans from a related company (note d)	2,877,000	2,877,000
	<b>14,024,348</b>	7,762,301
Borrowings included in non-current liabilities:		
Senior Notes (note a)	22,604,784	18,799,783
MEBs (note b)	–	1,453,020
Convertible Bonds (note b)	1,515,153	–
Bank borrowings – secured (note c)	47,680,110	43,896,382
Bank borrowings – unsecured (note c)	3,898,000	3,454,040
Other borrowings – secured (note c)	11,897,426	10,931,290
Other borrowings – unsecured (note c)	584,276	1,240,000
	<b>88,179,749</b>	79,774,515
Total borrowings	<b>102,204,097</b>	87,536,816

Notes:

- (a) Senior Notes  
On 21 July 2016, the Debt Restructuring (as defined in the Company's announcement dated 22 July 2016 (the "Announcement")) was completed, the Group's offshore debts, including various senior notes ("Original Senior Notes"), convertible bonds ("2010 convertible bonds"), bank and other borrowings (collectively and individually referred to as the "Original Offshore Debts") were exchanged for new notes, being mainly Senior Notes Series A-E and MEBs as described in the Announcement.

## 19. BORROWINGS *(continued)*

Notes: *(Continued)*

(a) Senior Notes *(continued)*

On 30 June 2017, the Company completed an exchange offer (the "Exchange Offer") pursuant to which the Senior Notes Series A-E were exchanged for 7.25% senior notes due 2020 (the "New 2020 Notes"), 7.875% senior notes due 2021 (the "New 2021 Notes"), 8.50% senior notes due 2022 (the "New 2022 Notes") and 9.375% senior notes due 2024 (the "New 2024 Notes") (together with the New 2020 Notes, the New 2021 Notes and the New 2022 Notes, the "New Senior Notes"). US\$2,657,937,000 of the Senior Notes Series A-E, representing approximately 93.08% of the total aggregate principal amounts of the outstanding Senior Notes Series A-E, have been validly tendered for exchange and accepted pursuant to the Exchange Offer. Concurrently, the Company issued additional New Senior Notes that form a single series with the corresponding New Senior Notes issued in the Exchange Offer (the "Concurrent New Money Issuance"). On 3 August 2017, the Company redeemed total aggregate outstanding principal amounts of US\$197,570,000 of the Senior Notes Series A-E in full at the redemption price equal to 100% of the outstanding principal amounts thereof.

The major terms and conditions of the New Senior Notes include redemption at the option of the Company and the repurchase of the New Senior Notes upon a change of control. As the estimated fair value of the early redemption rights is insignificant at initial recognition, the embedded derivative is not separately accounted for. The effective interest rates of the New Senior Notes range from 7.33% to 10.80% per annum after the adjustment for transaction costs.

According to the purchase agreement in relation to the exchange offer for the existing notes, each US\$1,000 principal amount of outstanding Senior Notes Series A-E was eligible to exchange for New Senior Notes. As of 30 June 2017, the Exchange Offer and the Concurrent New Money Issuance included:

	New 2020 Notes US\$'000	New 2021 Notes US\$'000	New 2022 Notes US\$'000	New 2024 Notes US\$'000
Exchange Offer	228,130	215,385	796,919	1,417,503
Concurrent New Money Issuance	56,870	9,615	23,081	702,497
	<u>285,000</u>	<u>225,000</u>	<u>820,000</u>	<u>2,120,000</u>

The New Senior Notes are listed on the Singapore Exchange Securities Trading Limited.

The New Senior Notes are secured by the pledge of shares of the Group's subsidiaries incorporated outside the PRC, and are jointly and severally guaranteed by certain subsidiaries of the Group.

The Exchange Offer did not constitute a substantial modification, the consent fees paid to the holders of the Senior Notes Series A-E and the transaction costs in connection with the exchange portion amounting to RMB183,097,000 in aggregate attributable to the Exchange Offer adjusted the carrying amounts of the related Senior Notes and amortised over the remaining term of the related Senior Notes. As of 30 June 2017, certain holders of the Senior Notes Series A-E with principal amounts of US\$197,570,000 (equivalent to RMB1,338,416,000) in aggregate were redeemed in full pursuant to the Exchange Offer, and the settlement is completed on 3 August 2017. As such, the carrying amounts of the related portion of the Senior Notes were adjusted to its principal amounts and being classified under current liabilities, the differences between the principal amounts and the carrying amounts were charged to profit or loss for the six months ended 30 June 2017.

For the Concurrent New Money Issuance, the fair values of the related Senior Notes was recognised, net of the transaction costs of RMB41,016,000. The fair values were calculated based on the present value of contractually determined stream of future cash flows discounted at the market borrowing rates as at the nearest date to the date of initial recognition, as of that date and remaining time to maturity.

## 19. BORROWINGS *(continued)*

Notes: *(Continued)*

(a) Senior Notes *(continued)*

The movement of the Senior Notes is as follow:

	Unaudited RMB'000
<b>Six months ended 30 June 2017</b>	
Carrying amount as at 1 January 2017	18,799,783
Accrued interests (note 8)	954,992
Interests paid	(547,966)
New Senior Notes in respect of the Concurrent New Money Issuance recognised	5,362,071
Transaction costs in relation to the Exchange Offer	(183,097)
Exchange difference	(442,584)
	<b>23,943,199</b>
Carrying amount as at 30 June 2017	

The movement of the Original Senior Notes for the six months ended 30 June 2016 is as follow:

	Unaudited						
	Senior Note 2012 RMB'000	Senior Note January 2013 RMB'000	Senior Note March 2013 RMB'000	Senior Note April 2013 RMB'000	Senior Note January 2014 RMB'000	Senior Note June 2014 RMB'000	Total RMB'000
<b>Six months ended 30 June 2016</b>							
Carrying amount as at 1 January 2016	1,906,230	3,580,350	4,020,262	1,951,269	1,786,978	2,853,488	16,098,577
Accrued interest (note 8)	63,610	119,201	132,213	127,471	60,941	94,934	598,370
Exchange difference	41,326	77,616	87,129	-	38,760	61,858	306,689
Carrying amount as at 30 June 2016	2,011,166	3,777,167	4,239,604	2,078,740	1,886,679	3,010,280	17,003,636

The Original Senior Notes were listed on the Singapore Exchange Securities Trading Limited as at 30 June 2016.

The Original Senior Notes were secured by the pledge of shares of the Group's subsidiaries incorporated outside the PRC, and were jointly and severally guaranteed by certain subsidiaries of the Group. Upon the Debt Restructuring on 21 July 2016, all of pledge of shares were released.



## 19. BORROWINGS *(continued)*

Notes: *(Continued)*

(b) MEBs/Convertible Bonds

In respect of the Debt Restructuring, the 2010 Convertible Bonds were exchanged for MEBs and other securities of the Company. On 21 July 2016, the Company cancelled the 2010 Convertible Bonds and issued, among other things, the MEBs.

Under the terms of the MEBs, the MEBs will be automatically exchanged into the convertible bonds upon satisfaction of the mandatory exchange conditions.

On 30 June 2017, all the mandatory exchange conditions pursuant to the terms of the MEBs have been fulfilled and the Company issued the convertible bonds in exchange for the MEBs in an aggregate principal amount of US\$265,898,440 due 31 December 2019 ("Maturity Date"). At the option of the Company, the Maturity Date may be extended by one year to 31 December 2020 (the "Extended Maturity Date"). The exchange of MEBs to convertible bonds did not constitute a substantial modification. The effective interest rate of the revised cash flows arising from the convertible bonds is 13.54% per annum.

The convertible bonds bear various interest payable semi-annually in arrears on 30 June and 31 December each year.

If the convertible bonds holder's conversion rights have not been exercised or the convertible bonds have not been repurchased or redeemed up to the Maturity Date, the Company will redeem at its principal amount together with unpaid accrued interest thereon to the Maturity Date.

Conversion rights are exercisable at any time on or after 30 June 2017 up to the close of business on the tenth day prior to Maturity Date.

Pursuant to the terms of the convertible bonds, the number of shares to be issued on conversion of convertible bonds will be determined by dividing the principal amount of the convertible bonds converted at the fixed rate of Hong Kong dollars ("HKD") 7.80 = US\$1.00 by HKD2.34 per share (initial "Conversion Price"), subject to adjustment, then in effect. The Conversion Price may be adjusted subject to several events.

The convertible bonds holder may require the Company to redeem the convertible bonds at the option of the convertible bonds holder on the Extended Maturity Date; or following the occurrence of delisting, suspension of trading or change of control.

The Company may redeem the convertible bonds if (i) the Company has or will become obliged to pay additional tax amounts as a result of amendment to certain laws or regulations; or (ii) the closing price of the shares of the Company for 20 out of 30 consecutive Trading Days prior to the date upon which notice of such redemption is published was at least 130 per cent. of the Conversion Price then in effect; or (iii) at least 90% convertible bonds originally issued has already been converted, redeemed or purchased and cancelled.

As the estimated fair value of the option for the Extended Maturity Date is insignificant at initial recognition, the embedded derivative is not separately accounted for.

The conversion option and the redemption options mentioned above are considered as embedded derivative component of the convertible bonds and revalued at each reporting date.

Subsequent to 30 June 2017, the Company made an announcement in relation to the redemption of the convertible bonds to its convertible bonds holders, there are aggregate principal amount of outstanding convertible bonds approximately US\$658,000 (equivalent to RMB4,459,000) to be redeemed on 3 August 2017. As a result, the related portion of the convertible bonds are adjusted to its principal amounts under current liabilities, and the differences between the principal amounts and amortised amounts are charged to condensed consolidated interim statement of profit or loss and other comprehensive income for the six months ended 30 June 2017.

## 19. BORROWINGS (continued)

Notes: (Continued)

(b) MEBs/Convertible Bonds (Continued)

The MEBs/convertible bonds recognised in the condensed consolidated interim statement of financial position is calculated as follows:

	Host liability component RMB'000	Derivative component RMB'000	Total RMB'000
Initial fair value of convertible bonds issued	1,324,519	248,487	1,573,006
Less: transaction costs	(14,957)	-	(14,957)
Carrying amount at initial recognition	1,309,562	248,487	1,558,049
As at 1 January 2017	1,453,020	248,487	1,701,507
Accrued interest (note 8)	99,873	-	99,873
Derecognition of financial derivative liability - exchange right	-	(248,487)	(248,487)
Initial fair value of financial derivative liability recognised	-	482,264	482,264
Interests paid	(41,930)	-	(41,930)
Exchange difference	8,649	-	8,649
<b>As at 30 June 2017 (Unaudited)</b>	<b>1,519,612</b>	<b>482,264</b>	<b>2,001,876</b>

Movements in 2010 Convertible Bonds during the six months ended 30 June 2016 are analysed as follows:

	Unaudited RMB'000
<b>Carrying amount as at 1 January 2016</b>	1,625,790
Accrued interest (note 8)	65,030
Carrying amount as at 30 June 2016	1,690,820

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

The convertible bonds are listed on the Singapore Exchange Securities Trading Limited. MEBs and 2010 Convertible Bonds were listed on the Singapore Exchange Securities Trading Limited as at 31 December 2016 and 30 June 2016, respectively.

The convertible bonds, MEBs and 2010 Convertible Bonds are secured by the pledge of shares of the Group's subsidiaries incorporated outside the PRC, and are jointly and severally guaranteed by certain subsidiaries of the Group.

## 19. BORROWINGS *(continued)*

Notes: *(Continued)*

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

	<b>Unaudited Six months ended 30 June</b>	
	<b>2017 RMB'000</b>	<b>2016 RMB'000</b>
<b>Six months ended 30 June</b>		
Carrying amount as at 1 January	<b>64,407,013</b>	51,516,802
Additions	<b>13,614,887</b>	14,493,345
Acquisitions of subsidiaries (note 27(b) and 27(c))	<b>189,836</b>	510,740
Repayments	<b>(4,347,450)</b>	(8,724,823)
	<b>73,864,286</b>	57,796,064

The Group's bank and other borrowings of RMB61,393,708,000 (unaudited) (31 December 2016: RMB55,240,487,000 (audited)) were jointly secured by certain properties, investment properties, land use rights, properties under development, completed properties held for sales of the Group and certain shares of Group's subsidiaries.

The pledged assets for the Group's bank and other borrowings are as follows:

	<b>Unaudited 30 June 2017 RMB'000</b>	<b>Audited 31 December 2016 RMB'000</b>
Property and equipment	<b>332,907</b>	344,139
Investment properties	<b>15,513,704</b>	13,758,986
Land use rights	<b>48,896</b>	52,471
Properties under development	<b>42,655,399</b>	40,017,551
Completed properties held for sale	<b>4,642,777</b>	5,760,042
	<b>63,193,683</b>	59,933,189

The Group's bank and other borrowings are guaranteed by certain subsidiaries of the Group:

	<b>Unaudited 30 June 2017 RMB'000</b>	<b>Audited 31 December 2016 RMB'000</b>
Group companies		
– guaranteed and secured by the Group's assets	<b>52,450,029</b>	49,210,913
– guaranteed and unsecured by the Group's assets	<b>8,130,784</b>	6,852,238
	<b>60,580,813</b>	56,063,151

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

(d) Loans from a related company

The amounts due are unsecured, carrying interest rate at 12.0% per annum and repayable in 2017. The related company is controlled by a substantial shareholder of the Company.

## 20. FINANCIAL DERIVATIVES

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Measured at fair value at each reporting date and included in the consolidated statement of financial position as liabilities:		
CVRs (note)	104,171	34,032
Derivative component of convertible bonds (note 19(b))	482,264	-
Derivative component of MEBs	-	229,790
	<b>586,435</b>	263,822

Note: CVRs represents 232,621 contingent value rights with a notional amount of US\$70 each that entitle the holders to the payment of US\$14 for each CVR they hold upon occurrence of certain triggering events as specified in the related agreements. Such CVRs are classified as derivative liabilities.

## 21. OTHER PAYABLES

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Other payables and accruals (note a)	4,413,850	3,710,715
Accrued interest	671,007	664,659
Bills payables	502,764	321,662
Consideration payables related to purchase of subsidiaries	1,055,327	695,105
Deed tax and other taxes payables	679,650	500,535
Amounts due to associates (note b)	924,157	924,157
	<b>8,246,755</b>	6,816,833

Notes:

- (a) Other payables and accruals mainly included deposits received from construction companies, accrued operating expenses and advance from third parties for normal activities which are interest-free, unsecured and repayable on demand.
- (b) The amounts due are unsecured, interest-free and repayable on demand.

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

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

## 23. SHARE CAPITAL AND SHARE PREMIUM

	Unaudited				
	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Issued and fully paid:					
As at 1 January 2016, 30 June 2016 and 1 January 2017	5,135,427,910	513,543	450,450	4,253,704	4,704,154
Exercise of share options (note)	2,124,000	212	190	3,903	4,093
As at 30 June 2017	5,137,551,910	513,755	450,640	4,257,607	4,708,247

Note: For the six months ended 30 June 2017, 2,124,000 shares were issued upon exercise of share options. Total proceeds were HK\$4,596,000 (equivalent to RMB4,093,000). The weighted average share price at the time of exercise was HK\$2.00 (as at 30 June 2016: nil) per share. The related transactions costs were deducted from the proceeds received. For the year ended 31 December 2016, no shares were issued.

## 24. RESERVES

	Unaudited								
	Merger reserve RMB'000 (note a)	Exchange reserve RMB'000	Statutory reserves RMB'000 (note b)	Share option reserve RMB'000 (note c)	Capital reserve RMB'000	Other reserve RMB'000	Conversion option reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance as at 1 January 2016	382	24,835	834,530	55,328	(487,047)	-	220,824	8,196,538	8,845,390
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	2,529,588	2,529,588
Acquisition of subsidiaries	-	-	-	-	-	(214)	-	-	(214)
Share-based payments	-	-	-	4,045	-	-	-	-	4,045
Share options lapsed	-	-	-	(4,633)	-	-	-	4,633	-
Balance as at 30 June 2016	382	24,835	834,530	54,740	(487,047)	(214)	220,824	10,730,759	11,378,809
Balance as at 1 January 2017	<b>382</b>	<b>24,835</b>	<b>913,598</b>	<b>54,369</b>	<b>(487,047)</b>	<b>3,292</b>	<b>-</b>	<b>7,732,544</b>	<b>8,241,973</b>
Profit for the period	-	-	-	-	-	-	-	<b>1,890,586</b>	<b>1,890,586</b>
Other comprehensive loss for the period	-	<b>(8,622)</b>	-	-	-	-	-	-	<b>(8,622)</b>
Total comprehensive (loss)/income for the period	-	<b>(8,622)</b>	-	-	-	-	-	<b>1,890,586</b>	<b>1,881,964</b>
Issue of shares on exercise of share options	-	-	-	<b>(1,114)</b>	-	-	-	-	<b>(1,114)</b>
Share-based payments	-	-	-	<b>1,602</b>	-	-	-	-	<b>1,602</b>
Share options lapsed	-	-	-	<b>(1,885)</b>	-	-	-	<b>1,885</b>	-
Balance as at 30 June 2017	<b>382</b>	<b>16,213</b>	<b>913,598</b>	<b>52,972</b>	<b>(487,047)</b>	<b>3,292</b>	<b>-</b>	<b>9,625,015</b>	<b>10,124,425</b>

## 24. RESERVES *(continued)*

Notes:

- (a) The merger reserve of the Group represents the difference between the nominal value of the share capital and share premium of the subsidiaries acquired pursuant to the group reorganisation in December 2007 and the nominal value of the share capital of the Company issued in exchange thereof. The reorganisation qualifies as common control combinations and has been accounted for using merger accounting.
- (b) In accordance with the relevant rules and regulations in the PRC and the provision of the articles of association of the PRC companies comprising the Group, before 1 January 2006, the local investment enterprises were required to appropriate at each year end 5% to 10% of the profit for the year after setting off the accumulated losses brought forward (based on figures reported in the statutory financial statements) to the statutory surplus reserve and the statutory public welfare fund (collectively the "Statutory Reserves"), respectively. After 1 January 2006, the local investment enterprises are allowed to appropriate 10% of the net profit to the Statutory Reserves until the accumulated appropriation exceeds 50% of the register capital.

For Chinese-foreign entities, in accordance with the Law of the PRC on Chinese-foreign Equity Joint Ventures, the percentage of profits to be appropriated to the Statutory Reserves are solely determined by the Board of Directors of these foreign investment enterprises.

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

- (c) Share option reserve represents value of employee services in respect of share options granted under the Share Option Scheme (note 28).

## 25. FINANCIAL GUARANTEES CONTRACTS

The Group had the following financial guarantees as at the reporting dates:

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the property units sold by the Group	<b>27,083,901</b>	21,843,192

The guarantees in respect of mortgage facilities granted by certain banks related to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees expire or terminate upon the earlier of (i) issuance of the property ownership certificates which are generally be available within six months to one year after the purchasers take possession of the relevant properties; and (ii) the mortgage loans obtained by the purchasers of properties.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the condensed consolidated interim financial information for the guarantees.

## 26. COMMITMENTS

### (a) Commitments for property development expenditures and acquisition of subsidiaries

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Contracted but not provided for		
– Acquisition of land use rights and property development activities	<b>23,343,417</b>	27,186,258
– Acquisition of subsidiaries	<b>1,660,000</b>	461,400
	<b>25,003,417</b>	27,647,658



## 26. COMMITMENTS *(continued)*

### (b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Not later than one year	32,493	27,278
Later than one year and not later than five years	43,758	29,906
Later than five years	2,129	324
	<b>78,380</b>	57,508

### (c) Operating lease rentals receivable

The future aggregate minimum lease rentals receivable under non-cancellable operating leases in respect of land and buildings are as follows:

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Not later than one year	189,936	176,819
Later than one year and not later than five years	421,504	427,198
Later than five years	117,451	236,789
	<b>728,891</b>	840,806

## 27. ACQUISITIONS OF SUBSIDIARIES

### (a) Acquisition of Guangzhou International Toys and Gift City Co., Ltd.\* ("Guangzhou Toys")

On 30 March 2017, the Group acquired 90% equity interest of Guangzhou Toys at a cash consideration of RMB765,147,000. Guangzhou Toys mainly owns properties under development and completed properties held for sales, and operates property development before they were acquired by the Group. The purpose of the acquisition was mainly for acquiring the land for future development, while the property development was insignificant to the Group. Thus, the directors are of the view that the acquisition is treated as acquisition of properties under development and completed properties held for sale in substance.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

## 27. ACQUISITIONS OF SUBSIDIARIES *(continued)*

### (a) Acquisition of Guangzhou International Toys and Gift City Co., Ltd.\* (“Guangzhou Toys”) *(continued)*

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

	2017 RMB'000
Property and equipment (note 12)	422
Properties under development	1,989,791
Completed properties held for sale	931,461
Debtors, deposits and other receivables	142,527
Cash and bank balances	177
Accrued construction costs	(2,588)
Other payables	(2,211,627)
Net assets	850,163
Less: non-controlling interests	(85,016)
Net assets acquired	765,147
Purchase consideration settled in cash	765,147
Cash and bank balances in subsidiary acquired	(177)
Cash outflow on acquisition of subsidiary	764,970

### (b) Acquisitions of subsidiaries

For the six months ended 30 June 2017, the Group acquired controlling equity interests of several subsidiaries at a total consideration of approximately RMB706,300,000. These companies did not operate any business prior to the acquisitions and only had properties under development. Therefore, the Group considered this would be an acquisition of assets in substance and as a result the difference between the purchase consideration paid and the net assets acquired would be recognised as adjustments to the carrying value of properties under development.

The considerations of all these transactions were based on the fair value of the assets acquired.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

## 27. ACQUISITIONS OF SUBSIDIARIES *(continued)*

### (b) Acquisitions of subsidiaries *(continued)*

The identifiable assets and liabilities arising from the acquisitions are as follows:

	2017 RMB'000
Property and equipment (note 12)	1,585
Properties under development	1,391,327
Debtors, deposits and other receivables	32,427
Prepaid taxes	8
Cash and bank balances	397
Other payables	(507,751)
Borrowings (note 19(c))	(189,836)
Net assets	728,157
Less: non-controlling interests	(21,857)
Net assets acquired	706,300
Total purchase consideration:	
– settled in cash during the period	163,200
– payable	543,100
	706,300
Purchase consideration settled in cash	163,200
Cash and bank balances in subsidiaries acquired	(397)
Cash outflow on acquisition of subsidiaries	162,803

### (c) Acquisition of Shenzhen Marine Group Company Limited\* (“Shenzhen Marine”)

On 12 May 2016, the Group acquired 70% equity interest of Shenzhen Marine at a cash consideration of RMB5,822,438,000 to obtain control over Shenzhen Marine. Shenzhen Marine mainly held a piece of land located at Donjiaotou in Nanshan District (the “Land”) through a 51% owned subsidiary (the “entity”) and operates water-way passenger and cargo transportation business through other subsidiaries before they were acquired by the Group. The purpose of the acquisition was mainly for acquiring the Land for future development, while the water-way passenger and cargo transportation business was insignificant as of 30 June 2016. Thus, the directors of the Company were of the view that the acquisition is treated as acquisition of land in substance.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree’s identifiable net assets.

## 27. ACQUISITIONS OF SUBSIDIARIES *(continued)*

### (c) Acquisition of Shenzhen Marine Group Company Limited\* (“Shenzhen Marine”) *(continued)*

The assets and liabilities recognised at the date of acquisition were as follows:

	2016 RMB'000
Property and equipment (note 12)	311,719
Investments in associates (note 14(a))	8,913
Deposits for land acquisition	15,575,628
Available-for-sale financial assets (note 15)	96,903
Debtors, deposits and other receivables	864,926
Cash and bank balances	263,521
Other payables	(596,930)
Advance proceeds received from customers and deposits received	(1,591)
Income tax payable	(19,278)
Borrowings (note 19(c))	(510,740)
	<hr/>
Net assets	15,993,071
Less: non-controlling interests	(10,170,633)
	<hr/>
Net assets acquired	5,822,438
	<hr/>
Purchase consideration settled in cash	5,822,438
Cash and bank balances in subsidiaries acquired	(263,521)
	<hr/>
Cash outflow on acquisition of subsidiaries	5,558,917
	<hr/>

### (d) Acquisition of Shenzhen Football Club Co., Ltd.\* (“Shenzhen Football Club”)

On 5 February 2016, the Group acquired 90% equity interest of Shenzhen Football Club at a cash consideration of RMB203,446,000. The directors were of the view that the acquisition constitutes acquisition of business.

Goodwill arose because the consideration paid included amounts in relation to the revenue growth and future market development of the business acquired. These benefits were not recognised separately from goodwill, because they did not meet the recognition criteria for identifiable intangible assets. Goodwill arising from the acquisition was not expected to be deductible for tax purpose.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree’s identifiable net assets of Shenzhen Football Club.

## 27. ACQUISITIONS OF SUBSIDIARIES *(continued)*

### (d) Acquisition of Shenzhen Football Club Co., Ltd.\* (“Shenzhen Football Club”) *(continued)*

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

	2016 RMB'000
Property and equipment (note 12)	1,446
Intangible assets – contracts with various sports players (note 13)	107,437
Debtors, deposits and other receivables	239,300
Cash and bank balances	358
Other payables	(225,728)
Income tax payable	(14,806)
	<hr/>
Net assets	108,007
Less: non-controlling interests	(10,801)
	<hr/>
Net assets acquired	97,206
	<hr/>
Purchase consideration settled in cash	203,446
Cash and bank balances in subsidiaries acquired	(358)
	<hr/>
Cash outflow on acquisition of subsidiaries	203,088
	<hr/>
Total purchase consideration	203,446
Identifiable net assets acquired	(97,206)
	<hr/>
Goodwill (note 13)	106,240
	<hr/>

\* The English translation of the name of the companies established in the PRC is for reference only. The official name of these companies are in Chinese.

(e) The acquired subsidiaries contributed total revenue of RMB3,248,000 and net loss of RMB1,795,000 to the Group for the period from their respective acquisition dates to 30 June 2017. Had these companies been consolidated from 1 January 2017, the condensed consolidated interim statement of profit or loss would show pro-forma revenue of RMB4,873,000 and net loss for the period of RMB2,692,500.

## 28. SHARE OPTION Share Option Scheme

Pursuant to the shareholders' resolution passed on 22 November 2009, a post-IPO share option scheme (the "Share Option Scheme") was conditionally adopted. Pursuant to the terms of the Share Option Scheme, the Company may grant options at its discretion, to any eligible person (including directors, employees, officers of any member of the Group, advisers, consultants, suppliers, agents and customers of any members of the Group). The maximum number of shares which may be issued upon exercise of all options (the "Share Option") granted and yet to be exercised under the Share Option Scheme or any other share option schemes adopted by the Company must not exceed 30% of the Company's shares in issue from time to time.

No options may be granted under the Share Option Scheme after 10 years since the adoption. The vesting periods, exercise periods and vesting conditions may be specified by the Company at the time of the grant, and the options expire no later than 10 years from the relevant date of grant. The exercise price of the option under the Share Option Scheme shall be no less than the highest of (i) the official closing price of the Company's shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (ii) the average of the official closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company.

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

	Unaudited			
	2017		2016	
	Weighted average exercise price in HK\$ per share	Number	Weighted average exercise price in HK\$ per share	Number
At 1 January	1.674	107,468,000	1.690	123,612,000
Exercised during the period	2.000	(2,124,000)	–	–
Lapsed during the period	1.500	(1,318,000)	1.573	(9,176,000)
At 30 June	1.678	104,026,000	1.700	114,436,000

As at 30 June 2017, 101,626,000 (as at 30 June 2016: 85,298,000) outstanding options granted under the Share Option Scheme were exercisable (note).

## 28. SHARE OPTION *(continued)*

### Share Option Scheme *(continued)*

Note: Terms of share options at the reporting date were as follows:

Exercise period	Exercise price per share HK\$	Number of share options	
		30 June 2017	30 June 2016
23/7/2011-22/7/2020	2.000	3,620,000	3,620,000
23/7/2012-22/7/2020	2.000	3,620,000	3,620,000
23/7/2013-22/7/2020	2.000	3,820,000	3,820,000
23/7/2014-22/7/2020	2.000	4,420,000	4,420,000
23/7/2015-22/7/2020	2.000	8,220,000	8,900,000
6/6/2013-5/6/2022	1.500	4,718,000	5,102,000
6/6/2014-5/6/2022	1.500	5,856,000	6,540,000
6/6/2015-5/6/2022	1.500	21,094,000	23,138,000
6/6/2016-5/6/2022	1.500	21,308,000	23,138,000
6/6/2017-5/6/2022	1.500	21,350,000	23,138,000
21/2/2015-20/2/2024	2.610	1,200,000	1,200,000
21/2/2016-20/2/2024	2.610	1,200,000	1,200,000
21/2/2017-20/2/2024	2.610	1,200,000	1,200,000
21/2/2018-20/2/2024	2.610	1,200,000	1,200,000
21/2/2019-20/2/2024	2.610	1,200,000	1,200,000
21/8/2015-20/8/2024	2.840	-	600,000
21/8/2016-20/8/2024	2.840	-	600,000
21/8/2017-20/8/2024	2.840	-	600,000
21/8/2018-20/8/2024	2.840	-	600,000
21/8/2019-20/8/2024	2.840	-	600,000
		<b>104,026,000</b>	114,436,000

The Company offered to grant several directors and employees (the "July 2010 Grant") of 179,750,000 share options of HK\$0.10 each in the capital of the Company on 23 July 2010. On 6 June 2012, the Company further offered to grant several directors and employees (the "June 2012 Grant") of 326,790,000 share options respectively of HK\$0.10 each in the capital of the Company. During year ended 31 December 2014, the Company offered to grant an employee and a consultant (the "February 2014 Grant") of 11,000,000 share options and an employee (the "August 2014 Grant") of 3,000,000 share options, respectively, of HK\$0.10 each in the capital of the Company on 21 February 2014 and 21 August 2014 respectively. Subsequent to period ended 30 June 2017, the Company offered to grant several directors and employees (the "July 2017 Grant") of 314,300,000 share options of HK\$0.10 each in the capital of the Company on 19 July 2017. The valuations were based on the Binomial Model with the following data and assumptions:

	July 2010 Grant	June 2012 Grant	February 2014 Grant	August 2014 Grant
Fair value under binomial model	HK\$142,362,000	HK\$198,688,000	HK\$8,514,000	HK\$2,592,000
Closing share price at grant date	HK\$1.71	HK\$1.39	HK\$2.60	HK\$2.83
Exercise price	HK\$2.00	HK\$1.50	HK\$2.61	HK\$2.84
Annual risk free interest rate	2.29%	1.04%	2.30%	1.94%
Expected volatility	40%	44%	45%	43%
Expected option life	10 years	10 years	10 years	10 years
Expected divided yield	nil	nil	6.0%	5.0%

## 29. RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in these condensed consolidated interim financial information during the period, the Group had the following transactions with its related parties:

### (a) Name and relationship with related parties

*Controlling shareholder and former controlling shareholder*

Mr. Kwok Ying Shing (a controlling shareholder) and Mr. Kwok Chun Wai (a former controlling shareholder)

*A related company, a company controlled by a substantial shareholder of the Company*

Shenzhen Fund Resources Investment Holding Limited\* (“深圳市富德資源投資有限公司”)

*Associates*

Shenzhen Qianhai Gold – Earth Wealth Management Co., Ltd.\* (“深圳前海金土財富管理有限公司”)

Shenzhen Longcheng Plaza Property Development Co., Ltd.\* (“深圳市龍城廣場房地產開發有限公司”)

Shenzhen Shenxin Financial Holding Co., Ltd.\* (“深圳深信金融控股有限公司”)

Shenzhen Giga Technology Co., Ltd.\* (“深圳齊家互聯網科技股份有限公司”)

Kaisa United Financial (Beijing) Co., Ltd.\* (“佳兆業聯合金控(北京)有限公司”)

*Joint ventures*

Huizhou City Kaileju Company Limited\* (“惠州市愷樂居置業有限公司”)

Shenzhen Jiaxian Property Development Co., Ltd.\* (“深圳市佳賢置業發展有限公司”)

\* The English translation of the name of the companies established in the PRC is for reference only. The official name of these companies are in Chinese.

### (b) Key management compensation

	Unaudited	
	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Salaries and other short-term employee benefits	77,764	22,019
Retirement scheme contributions	192	113
Share option benefits	457	1,339
	<b>78,413</b>	23,471



## 29. RELATED PARTY TRANSACTIONS *(continued)*

### (c) Transactions

	Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Interest payable to a related company (note (i))	172,620	172,620
Rental expenses paid to controlling shareholders (note (ii))	983	960

Notes:

- (i) Interest expense was charged at interest rate of 12% (six months ended 30 June 2016: 12%) per annum on the loans from a related company.
- (ii) This represents payment of rental expense for various office premises to controlling shareholders Mr. Kwok Chun Wai and Mr. Kwok Ying Shing respectively. The rental expenses paid during the period was determined at prevailing market rate of respective office premises.

### (d) Balances with related parties

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
	Loans from a related company (note 19(d))	2,877,000
Amounts due from associates (note 17)	259,598	400,000
Amounts due from joint ventures (note 17)	676,548	599,390
Amounts due to associates (note 21)	(924,157)	(924,157)
Interest payable to a related company – included in other payables and accruals (note 21)	(395,283)	(222,663)

### 30. EVENTS AFTER THE REPORTING DATE

- 1) On 11 July 2017, the Group entered into a sales and purchase agreement with an independent third party, pursuant to which the Group acquire 17.7% equity interest in Nam Tai Property Inc. ("Nam Tai") at a consideration of US\$111 million (approximately equivalent to RMB862 million). Nam Tai is incorporated in the British Virgin Islands and listed on the New York Stock Exchange in the United States of America.
- 2) On 19 July 2017, the Company granted 314,300,000 share options to subscribe for the ordinary shares of HK\$0.10 each in the capital of the Company to the directors of the Company and certain employees of the Company and its subsidiaries.
- 3) On 28 July 2017, the associate of the Group, Mega Medical Technology Limited proposed rights issue (the "Rights Issue") on the basis of one rights share for every three shares held on the record date. The Rights Issue is fully underwritten by the Group pursuant to the underwriting agreement.
- 4) On 3 August 2017, the Company redeemed all outstanding Senior Notes Series A-E, at a redemption price equal to 100% of the aggregate principal amount of approximately US\$197.6 million.
- 5) On 4 August 2017, the Company entered into a subscription agreement with an institutional investor for the additional issue of senior notes with the aggregate principal amount of US\$285.0 million.

## OTHER INFORMATION

### CORPORATE GOVERNANCE

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. The Board is of the view that, for the six months ended 30 June 2017, the Company complied with the code provisions on the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for the following deviation:

Code provision A.6.7 provides that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. Due to their other important engagements, the non-executive Director of the Company, Ms. CHEN Shaohuan, and the independent non-executive Directors of the Company, Mr. ZHANG Yizhao and Mr. LIU Xuesheng, were unable to attend the extraordinary general meeting of the Company held on 12 June 2017. Due to her other important engagements, the non-executive Director of the Company, Ms. CHEN Shaohuan was unable to attend the annual general meeting of the Company held on 28 June 2017.

### AUDIT COMMITTEE

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

### REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the Group's interim report 2017. In addition, the independent auditors of the Company, Grant Thornton Hong Kong Limited, has reviewed the unaudited interim results for the six months ended 30 June 2017 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

### CHANGE OF DIRECTOR

Mr. MAI Fan has been appointed as an executive Director of the Company with effect from 4 July 2017. Mr. MAI does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

### COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code as set out in Appendix 10 to the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2017.

The Company has also established written guidelines on no less exacting terms than the Model Code for securities transactions by the relevant employees of the Group, who are likely to be in possession of inside information of the Company.

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

Save as disclosed in this report, during the six months ended 30 June 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2017 (30 June 2016: nil).