合景泰富地產

KWG PROPERTY HOLDING LIMITED
合景泰富地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1813)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

HIGHLIGHTS

- Revenue for the six months ended 30 June 2017 amounted to RMB7,856.6 million, a significant increase of 44.2% as compared with the corresponding period in 2016.
- Profit attributable to owners of the Company for the period amounted to RMB1,556.7 million, representing an increase of 9.5% as compared with the corresponding period in 2016.
- Core profit of the Company for the period amounted to RMB1,440.0 million, representing an increase of 17.3% as compared with the corresponding period in 2016.
- Gross profit margin and net profit margin for the period were 36.0% and 19.8%, respectively.
- Basic earnings per share attributable to owners of the Company for the period amounted to RMB51.0 cents, compared with RMB47.4 cents for the corresponding period in 2016.
- Interim dividend of RMB10.0 cents per share.

INTERIM RESULTS

The board of directors (the "Board") of KWG Property Holding Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2017, together with the comparative figures for the corresponding period in 2016, the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2017 together with audited comparative figures as at 31 December 2016. The unaudited condensed consolidated interim financial information was reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	4	**7,856,615**	5,448,233
Cost of sales		**(5,029,334)**	(3,506,401)
Gross profit		**2,827,281**	1,941,832
Other income and gains, net	4	**192,615**	145,767
Selling and marketing expenses		**(226,492)**	(171,180)
Administrative expenses		**(452,231)**	(384,782)
Other operating expenses, net		**(70,847)**	(306)
Fair value gains on investment properties, net		**64,705**	152,871
Finance costs	5	**(141,707)**	(159,875)
Share of profits and losses of joint ventures		**431,879**	662,879
PROFIT BEFORE TAX	6	**2,625,203**	2,187,206
Income tax expenses	7	**(1,070,737)**	(767,312)
PROFIT FOR THE PERIOD		**1,554,466**	1,419,894
Attributable to:			
Owners of the Company		**1,556,737**	1,421,822
Non-controlling interests		**(2,271)**	(1,928)
		1,554,466	1,419,894
Earnings per share attributable to owners of the Company			
– Basic	9	**RMB51.0 cents**	RMB47.4 cents
– Diluted	9	**RMB51.0 cents**	RMB47.4 cents

Details of the dividends declared for the reporting period are disclosed in note 8.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**1,554,466**	1,419,894
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	**513,803**	(235,735)
Share of exchange differences on translation of joint ventures	**114,927**	(69,252)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**628,730**	(304,987)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	**73,660**	16,644
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**73,660**	16,644
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**702,390**	(288,343)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,256,856**	1,131,551
Attributable to:		
Owners of the Company	**2,259,127**	1,133,479
Non-controlling interests	**(2,271)**	(1,928)
	2,256,856	1,131,551

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		30 June 2017	31 December 2016
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**4,110,097**	3,890,621
Investment properties		**11,016,800**	10,533,100
Land use rights		**1,070,907**	1,040,728
Interests in joint ventures		**33,035,080**	18,998,141
Deferred tax assets		**1,552,043**	1,332,532
Total non-current assets		**50,784,927**	35,795,122
CURRENT ASSETS			
Properties under development		**23,533,770**	38,503,341
Completed properties held for sale		**6,805,279**	6,866,193
Trade receivables	10	**909,959**	156,775
Prepayments, deposits and other receivables		**2,017,126**	2,200,705
Due from a joint venture		**30,052**	30,059
Tax recoverables		**364,862**	288,043
Restricted cash		**1,030,338**	1,130,660
Cash and cash equivalents		**29,579,046**	25,770,912
Total current assets		**64,270,432**	74,946,688
CURRENT LIABILITIES			
Trade and bills payables	11	**3,112,587**	5,753,979
Other payables and accruals		**9,164,684**	9,838,964
Due to joint ventures		**23,189,310**	21,530,757
Interest-bearing bank and other borrowings		**2,283,903**	4,753,515
Tax payables		**6,286,134**	5,431,370
Total current liabilities		**44,036,618**	47,308,585
NET CURRENT ASSETS		**20,233,814**	27,638,103
TOTAL ASSETS LESS CURRENT LIABILITIES		**71,018,741**	63,433,225

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**44,554,271**	38,196,455
Deferred tax liabilities	**1,159,099**	1,225,816
Deferred revenue	**2,042**	2,042
Total non-current liabilities	**45,715,412**	39,424,313
NET ASSETS	**25,303,329**	24,008,912
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**293,590**	293,590
Reserves	**24,358,543**	23,656,855
	24,652,133	23,950,445
Non-controlling interests	**651,196**	58,467
TOTAL EQUITY	**25,303,329**	24,008,912

Notes:

1. CORPORATE INFORMATION

KWG Property Holding Limited is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the period, the Group was involved in the following principal activities in Mainland China and Hong Kong:

- Property development
- Property investment
- Hotel operation
- Property management

In the opinion of the directors, the immediate and ultimate holding company of the Company is Plus Earn Consultants Limited, which is incorporated in the British Virgin Islands.

The unaudited condensed consolidated interim financial information was reviewed by the audit committee of the Company and approved by the Board for issue on 28 August 2017.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

The unaudited condensed consolidated interim financial information does not include all the 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, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, HKASs and Interpretations).

3. ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. The accounting policies adopted are consistent with the Group's audited financial statements for the year ended 31 December 2016, except for the adoption of the following revised HKFRSs issued by the HKICPA, which are adopted for the first time for the current period's financial information.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferral Tax Assets for Unrealised Losses*
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to a number of HKFRSs

The adoption of the above revised HKFRSs has had no significant financial effect on the Group's unaudited condensed consolidated interim financial information and there have been no significant changes to the accounting policies applied in the unaudited condensed consolidated interim financial information. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. REVENUE, OTHER INCOME AND GAINS, NET AND OPERATING SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the gross proceeds, net of business tax, from the sale of properties, gross rental income received and receivable from investment properties, gross revenue from hotel operation and property management fee income during the period.

An analysis of revenue, other income and gains, net is as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue:		
Sale of properties	**7,333,972**	5,020,938
Gross rental income	**128,709**	73,006
Hotel operation income	**198,295**	187,286
Property management fee income	**195,639**	167,003
	7,856,615	5,448,233
Other income and gains, net:		
Interest income	**135,884**	61,518
Management fee income	**27,826**	43,915
Others	**28,905**	40,334
	192,615	145,767

For management purposes, the Group is organised into four reportable operating segments as follows:

(a) Property development: Sale of properties
(b) Property investment: Leasing of properties
(c) Hotel operation: Operation of hotels
(d) Property management: Provision of property management services

The property development projects undertaken by the Group during the period are all located in Mainland China and Hong Kong.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

The Group's revenue from external customers is derived solely from its operations in the PRC.

The segment results for the six months ended 30 June 2017 are as follows:

	Property development *(Note)* ***RMB'000*** **(Unaudited)**	**Property investment** ***RMB'000*** **(Unaudited)**	**Hotel operation** ***RMB'000*** **(Unaudited)**	**Property management** ***RMB'000*** **(Unaudited)**	**Total** ***RMB'000*** **(Unaudited)**
Segment revenue:					
Sales to external customers	**7,333,972**	**128,709**	**198,295**	**195,639**	**7,856,615**
Segment results	**2,767,866**	**186,675**	**70,622**	**31,271**	**3,056,434**
Reconciliation:					
Interest income and unallocated income					**192,615**
Unallocated expenses					**(482,139)**
Finance costs					**(141,707)**
Profit before tax					**2,625,203**
Income tax expenses					**(1,070,737)**
Profit for the period					**1,554,466**

The segment results for the six months ended 30 June 2016 are as follows:

	Property development *(Note)* *RMB'000* (Unaudited)	Property investment *RMB'000* (Unaudited)	Hotel operation *RMB'000* (Unaudited)	Property management *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue:					
Sales to external customers	5,020,938	73,006	187,286	167,003	5,448,233
Segment results	2,232,350	224,053	54,964	30,988	2,542,355
Reconciliation:					
Interest income and unallocated income					145,767
Unallocated expenses					(341,041)
Finance costs					(159,875)
Profit before tax					2,187,206
Income tax expenses					(767,312)
Profit for the period					1,419,894

Note: The segment results include share of profits and losses of joint ventures.

5. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**1,424,293**	1,176,244
Net foreign exchange losses	**335,571**	—
Less: Interest capitalised	**(1,618,157)**	(1,016,369)
	141,707	159,875

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of properties sold	**4,803,725**	3,302,665
Less: Government grant released	**(18)**	(116)
	4,803,707	3,302,549
Depreciation	**70,917**	71,828
Amortisation of land use rights	**14,074**	13,281
Less: Amount capitalised in assets under construction	**(11,335)**	(10,542)
	2,739	2,739
Premium paid on early redemption of senior notes*	**70,516**	—
Loss on disposal of investment properties, net*	**—**	17
Gain on disposal of items of property, plant and equipment	**(424)**	(67)
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**306,083**	280,434
Pension scheme contributions	**32,251**	26,825
	338,334	307,259
Less: Amount capitalised in assets under construction, properties under development and investment properties under development	**(44,320)**	(64,891)
	294,014	242,368

* These items are included in "Other operating expenses, net" in the unaudited condensed consolidated statement of profit or loss.

7. INCOME TAX EXPENSES

	Six months ended 30 June 2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Current – in the People's Republic of China (the "PRC")		
Corporate income tax ("CIT")	**695,336**	439,539
Land appreciation tax ("LAT")	**687,957**	440,733
	1,383,293	880,272
Deferred	**(312,556)**	(112,960)
Total tax charge for the period	**1,070,737**	767,312

Hong Kong profits tax

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2017 and 2016.

PRC CIT

PRC CIT in respect of operations in the PRC have been calculated at the applicable tax rate on the estimated assessable profits for the six months ended 30 June 2017 and 2016, based on existing legislation, interpretations and practices in respect thereof.

PRC LAT

PRC LAT are levied at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds from the sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

8. DIVIDENDS

	Six months ended 30 June 2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Interim dividend of RMB10 cents (2016: Nil) per ordinary share	**305,380**	—

Subsequent to the end of the reporting period, the Board declared the payment of an interim dividend of RMB305,380,000 representing RMB10 cents per share, based on the number of shares in issue as at 30 June 2017, in respect of the six months ended 30 June 2017 (six months ended 30 June 2016: nil). The interim dividend for the period shall be made out of the retained profits of the Company.

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amounts for the six months ended 30 June 2017 is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 3,053,801,748 (2016: 2,996,482,528) in issue during the period.

For the six months ended 30 June 2016, the calculation of the diluted earnings per share amounts is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation of 2,996,482,528 plus the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares of 370,208.

Diluted earnings per share amount for the period ended 30 June 2017 is the same as the basis earnings per share as no diluting events existed during the period.

The calculations of the basic and diluted earnings per share amounts are based on:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to owners of the Company	**1,556,737**	1,421,822

	Number of shares Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in basic earnings per share calculation	**3,053,801,748**	2,996,482,528
Effect of dilution – share options	**—**	370,208
Weighted average number of ordinary shares used in diluted earnings per share calculation	**3,053,801,748**	2,996,852,736

10. TRADE RECEIVABLES

Trade receivables mainly consist of receivables from the sale of properties, rentals under operating leases and provision of property management services. The payment terms of the sale of properties are stipulated in the relevant sale and purchase agreements. An ageing analysis of the trade receivables as at the end of the reporting period is as follows:

	As at	
	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**846,771**	108,714
4 to 6 months	**20,428**	14,634
7 to 12 months	**16,633**	16,293
Over 1 year	**26,127**	17,134
	909,959	156,775

11. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period is as follows:

	As at	
	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within one year	**3,112,587**	5,753,979

The trade and bills payables are non-interest-bearing and are normally settled on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

Revenue of the Group comprises primarily the (i) gross proceeds, net of business tax, from the sale of properties, (ii) gross recurring revenue received and receivable from investment properties, (iii) gross revenue from hotel room rentals, food and beverage sales and other ancillary services when the services are rendered and (iv) property management fee income. The revenue is primarily generated from its four business segments: property development, property investment, hotel operation and property management.

The revenue amounted to approximately RMB7,856.6 million in the first half of 2017, representing a significant increase of 44.2% from approximately RMB5,448.2 million for the corresponding period in 2016.

The revenue generated from property development, property investment, hotel operation and property management were approximately RMB7,334.0 million, RMB128.7 million, RMB198.3 million and RMB195.6 million, respectively, during the six months ended 30 June 2017.

Property development

Revenue generated from property development significantly increased by 46.1% to approximately RMB7,334.0 million for the six months ended 30 June 2017 from approximately RMB5,020.9 million for the corresponding period in 2016, primarily due to an increase in the total gross floor area ("GFA") delivered to 449,762 sq.m. in the first half of 2017 from 386,390 sq.m. for the corresponding period in 2016. The increase in revenue was also attributable to an increase in the recognised average selling price ("ASP") to RMB16,303 per sq.m. from RMB12,994 per sq.m. in the corresponding period in 2016. The increase in recognised ASP primarily attributable to an increase in the proportion of offices delivered with relatively higher ASP during the six months ended 30 June 2017.

Property investment

Revenue generated from property investment significantly increased by 76.3% to approximately RMB128.7 million for the six months ended 30 June 2017 from approximately RMB73.0 million for the corresponding period in 2016 primarily attributable to an increase in leased investment properties.

Hotel operation

Revenue generated from hotel operation increased by 5.9% to approximately RMB198.3 million for the six months ended 30 June 2017 from approximately RMB187.3 million for the corresponding period in 2016.

Property management

Revenue generated from property management increased by 17.1% to approximately RMB195.6 million for the six months ended 30 June 2017 from approximately RMB167.0 million for the corresponding period in 2016, primarily attributable to an increase in the number of properties under management.

Cost of Sales

Cost of sales of the Group primarily represents the costs we incur directly for the Group's property development activities. The principal component of cost of sales is cost of properties sold, which includes the direct costs of construction, costs of obtaining land use rights and capitalised borrowing costs on related borrowed funds during the period of construction.

Cost of sales significantly increased by 43.4% to approximately RMB5,029.3 million for the six months ended 30 June 2017 from approximately RMB3,506.4 million for the corresponding period in 2016, primarily due to the increase of total GFA delivered in sales of properties.

Land cost per sq.m. increased from RMB3,120 for the corresponding period in 2016 to RMB4,023 for the six months ended 30 June 2017, due to the change in delivery portfolio with different city mix as compared with that for the corresponding period in 2016.

Construction cost per sq.m. increased from RMB4,169 for the corresponding period in 2016 to RMB4,548 for the six months ended 30 June 2017, primarily attributable to an increase in the proportion of offices delivered with relatively higher construction cost.

Gross Profit

Gross profit of the Group significantly increased by 45.6% to approximately RMB2,827.3 million for the six months ended 30 June 2017 from approximately RMB1,941.8 million for the corresponding period in 2016. The increase of gross profit was principally due to the increase in the total revenue and recognised ASP in the first half of 2017. The Group reported gross profit margin of 36.0% for the six months ended 30 June 2017 (2016: 35.6%).

Other Income and Gains, Net

Other income and gains, significantly increased by 32.1% to approximately RMB192.6 million for the six months ended 30 June 2017 from approximately RMB145.8 million for the corresponding period in 2016, and mainly comprised interest income and management fee income related to our joint venture projects of approximately RMB135.9 million and RMB27.8 million respectively.

Selling and Marketing Expenses

Selling and marketing expenses of the Group significantly increased by 32.3% to approximately RMB226.5 million for the six months ended 30 June 2017 from approximately RMB171.2 million for the corresponding period in 2016, mainly due to an increase in sales commission, which was in line with the increase in revenue generated from sales of properties during the period.

Administrative Expenses

Administrative expenses of the Group increased by 17.5% to approximately RMB452.2 million for the six months ended 30 June 2017 from approximately RMB384.8 million for the corresponding period in 2016, primarily attributable to increased headcounts to catch up with the rapid development of the Group in various regional offices in order to achieve its long term goal. The Group believes that people are key elements for future growth and grasping the opportunities ahead. The Group also provided extensive training, built incentive schemes as well as a teamwork-oriented corporate culture with high sense of belonging to retain experienced employees.

Other Operating Expenses, Net

Other operating expenses of the Group were approximately RMB70.8 million for the six months ended 30 June 2017 (2016: approximately RMB0.3 million), mainly comprising premium paid on early redemption of senior notes.

Fair Value Gains on Investment Properties, Net

The Group reported fair value gains on investment properties of approximately RMB64.7 million for the six months ended 30 June 2017 (2016: approximately RMB152.9 million), mainly related to various leasable commercial properties in various regions. The fair value gains attributable to those leasable commercial properties, including Chengdu Cosmos and International Metropolis Plaza were approximately RMB51.9 million in the first half of 2017.

Finance Costs

Finance costs of the Group being approximately RMB141.7 million for the six months ended 30 June 2017 (2016: approximately RMB159.9 million), were related to the borrowing costs on certain general corporate loans and partial senior notes. Since such borrowings were not earmarked for project development, they have not been capitalised.

Income Tax Expenses

Income tax expenses increased by 39.5% to approximately RMB1,070.7 million for the six months ended 30 June 2017 from approximately RMB767.3 million for the corresponding period in 2016, primarily due to an increase in provision of land appreciation tax as a result of the increase in the total GFA delivered from sales of properties in the first six months of 2017.

Profit for the Period

The Group reported profit for the period of approximately RMB1,554.5 million for the six months ended 30 June 2017 (2016: approximately RMB1,419.9 million). For the six months ended 30 June 2017, net profit margin was 19.8% (2016: 26.1%).

Liquidity, Financial and Capital Resources

Cash Position

As at 30 June 2017, the carrying amounts of the Group's cash and bank balances were approximately RMB30,609.4 million (31 December 2016: approximately RMB26,901.6 million), representing a significant increase of 13.8% 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 received at designated bank accounts as guarantee deposits for construction of the relevant properties. As at 30 June 2017, the carrying amount of the restricted cash was approximately RMB1,030.3 million (31 December 2016: approximately RMB1,130.7 million).

Borrowings and Charges on the Group's Assets

As at 30 June 2017, the Group's bank and other loans, senior notes and domestic corporate bonds were approximately RMB11,942.1 million, RMB11,687.4 million and RMB23,208.7 million respectively. Amongst the bank and other loans, approximately RMB2,283.9 million will be repayable within 1 year, approximately RMB5,990.7 million will be repayable between 2 and 5 years and approximately RMB3,667.5 million will be repayable over 5 years. Amongst the senior notes, approximately RMB8,354.7 million will be repayable between 2 and 5 years and approximately RMB3,332.7 million will be repayable over 5 years. All the domestic corporate bonds will be repayable between 2 and 5 years.

As at 30 June 2017, the Group's bank and other loans of approximately RMB23,629.5 million were secured by buildings, land use rights, investment properties, properties under development and completed properties held for sale of the Group with total carrying value of approximately RMB15,739.8 million, and equity interests of certain subsidiaries of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The Group's domestic corporate bonds were guaranteed by the Company.

The carrying amounts of all the Group's bank and other loans were denominated in RMB except for certain loan balances with an aggregate amount of approximately HK$1,953.6 million and US$96.8 million as at 30 June 2017 which were denominated in Hong Kong dollar and U.S. dollar respectively. All of the Group's bank and other loans were charged at floating interest rates except for loan balances with an aggregate amount of RMB230.0 million which were charged at fixed interest rates as at 30 June 2017. The Group's senior notes and domestic corporate bonds were denominated in U.S. dollar and RMB respectively and charged at fixed interest rates as at 30 June 2017.

Gearing Ratio

The gearing ratio is measured by the net borrowings (total borrowings net of cash and cash equivalents and restricted cash) over the total equity. As at 30 June 2017, the gearing ratio was 64.1% (31 December 2016: 66.8%).

Risk of Exchange Rate Fluctuation

The Group mainly operates in the PRC, so most of its revenue and expenses are measured in RMB. The value of RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in PRC's political and economic conditions. The conversion of RMB into foreign currencies, including the U.S. dollar and the Hong Kong dollar, has been based on rates set by the People's Bank of China.

In the first half of 2017, the exchange rates of RMB against the U.S. dollar and the Hong Kong dollar maintained a relatively stable level and the Board expects that any fluctuation of RMB's exchange rate will not have material adverse effect on the operations of the Group.

Contingent Liabilities

(i) As at 30 June 2017, the Group had the contingent liabilities relating to guarantees given to banks in respect of mortgage facilities for certain purchasers amounting to approximately RMB5,812.9 million (31 December 2016: approximately RMB7,330.0 million). This represented the guarantees in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for 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 interests and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the Board considers that in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore no provisions have been made in the financial information as at 30 June 2017 and the financial statements as at 31 December 2016 for the guarantees.

(ii) As at 30 June 2017 and 31 December 2016, the Group had provided guarantees in respect of certain bank loans for its joint ventures.

Market Review

In the first half of 2017, the Central Government implemented different policies in various cities in line with local conditions, stressing the primary purpose of real estate properties as a provision of accommodation. Disparities in regulatory measures adopted by local governments arose as popular cities continued to tighten their policies. Pioneered by tier-one cities namely Beijing, Shanghai, Guangzhou and Shenzhen, intensified regulatory measures were then taken in key tier-two cities such as Tianjin, Nanjing, Hangzhou, Foshan and Chengdu, and followed by tier-three and tier-four cities in the peripheral regions. In order to curb demands from speculative buyers, local governments introduced new “restrictions on sales” on the supply end, in addition to the traditional home purchase restrictions and mortgage restrictions imposed on the demand side. Credit on both supply and demand ends of the property market were gradually tightened. On the other hand, as destocking continued in most tier-three and tier-four cities, market stabilizing measures were taken in a timely manner in cities where inventory was depleted. As at the end of June, over 60 prefecture-level or above cities and more than 30 county-level cities issued tightening policies, while Hainan and Hebei exercised full control at provincial level.

Notwithstanding more stringent regulatory policies implemented by the Central Government and local governments, property prices in tier-one and key tier-two cities posted a modest increase in the first half of the year due to severe short of supply. With regard to tier-three and tier-four cities, property prices in most cities surged in a fast pace on the back of accelerated inventory turnover. Enthusiasm towards property sales in tier-one and key tier-two cities has remained since 2016, causing excessive destocking and making replenishment of sellable resources the primary goal for most property developers. For the sake of maintaining high inventory turnover to facilitate expansion, property developers sought to step up land purchases in target cities to replenish their land banks for new strategic deployment. According to the data from National Bureau of Statistics, from January to June 2017, land purchases by enterprises presented a year-on-year increase of 8.8% in terms of site area and accrued land premium showed a year-on-year increase of 38.5%. This evidenced that land prices were driven up by fierce competition.

Business Review

During the reporting period, the Group adjusted its plan of product launches in response to the market, meeting demands with suitable products. Thanks to brand recognition built up throughout years in tier-one and tier-two cities, the Group's pre-sales reported steady increase. Among the 42 projects currently on sale, 45% of the attributable pre-sales were derived from Guangzhou, Shanghai and Beijing, and 55% were contributed from key tier-two cities, especially Hangzhou, Chengdu, Nanning and Foshan. During the first half of the year, pre-sales amounted to RMB17.81 billion in aggregate, representing a year-on-year increase of 21.7% as compared to the same period of last year, while attributable pre-sales amounted to RMB14.62 billion in aggregate, representing a year-on-year increase of 28.0% as compared to the same period of last year.

During the period, the Group mainly launched products with GFA of 90-140 sq.m. for first-time home buyers and upgraders. It also launched en-bloc or strata sales of office buildings in cities with sales restrictions to satisfy demands from different kinds of buyers and ensure smooth sales.

During the reporting period, the Group launched Chengdu Yoonshang, a brand new resort project located in Dayi, Chengdu. Enjoying convenient transportation from Chengdu city centre, Chengdu Yoonshang is surrounded by plentiful natural resources and landscapes, with famous tourist destinations, Anren Ancient Town and Xiling Snow Mountain in close proximity. The project was officially launched in March 2017, offering mostly terraced houses with GFA of 90-190 sq.m.. Benefitting from its excellent geographical location, unique Suzhou-style garden design and planning, comprehensive ancillary facilities for leisure, education, health care and travel as well as reasonable pricing, the project received warm welcome from local buyers since its debut and recorded a stable rise in sales.

During the reporting period, the Group launched a brand new commercial project, International Metropolis Plaza in Shanghai. Located at the International Business Zone area in Pudong Houtan, Shanghai, near metro station, the premium waterfront building enjoys unobstructed river view and convenient transportation access. With sophistication of facilities for all kinds of functions, the price of the office buildings saw gradual increase. The Group seized the opportunity to launch en-bloc sale of one of the office buildings of International Metropolis Plaza, and the transaction was successfully completed in the first half of the year.

In connection with land supply, the Central Government implemented restrictive measures such as "property prices restriction, land price competition and competition in GFA held for investment" in tier-one and certain tier-two cities including Tianjin, Hangzhou and Suzhou to curb land price hike. However, as a result of ample revenue generated from burgeoning sales in 2016, and the urgent need to replenish sellable resources caused by solid destocking effort, property developers turned to tier-three and tier-four cities in the peripheral regions of tier-one and tier-two cities for land purchase opportunities and premium land price emanated.

During the reporting period, the Group carefully planned its future development direction, further refined its geographical deployment of land banks, and acquired 12 land parcels in Wuhan, Xuzhou, Suzhou, Hefei, Jiaxing, Taizhou, Jinan, Tianjin and Hong Kong in the auction market or through merger and acquisition, all of which were newly entered cities except Suzhou, Hefei and Tianjin. All the newly acquired lands are situated in premium locations, among which Jiaxing project, Linhai Project I and Linhai Project II in Taizhou are located at economically favoured Yangtze River Delta where sophisticated transportation network is developed, well-positioned to benefit from the spillover effect of adjacent major cities such as Shanghai and Hangzhou; Hong Kong Ap Lei Chau project and Hong Kong Kai Tak project are located at the core area of Greater Bay Area, a favourable location endowed with abundant onshore and offshore resources, laying a solid foundation for the Group's expansion into the residential property market in Hong Kong and deployment in Greater Bay Area. Being the Group's first project in Hong Kong, Ap Lei Chau project, in view of its unique geographical location and scarcity supply of large units in Hong Kong, is expected to offer large sized apartments and villas with ocean view to meet demands from mid- to high-end market. As regard to Kai Tak project, a medium to large scale housing estate for first-time home buyers or upgraders is contemplated.

During the reporting period, the Group's attributable GFA increased by approximately 1,208,000 sq.m.. As at 30 June 2017, the Group owned 79 projects in 18 cities across Mainland China and Hong Kong with an attributable land bank of approximately 11,850,000 sq.m., sufficient to meet the Group's development need in the next 3-5 years.

The Group firmly believes that a sound financial structure and sufficient cash are fundamental to healthy development of an enterprise. During the reporting period, the Group seized suitable opportunities to issue senior notes with an aggregate amount of US$500 million (before related issuance expenses) mainly for refinance purpose. Meanwhile, the Group obtained a syndicated loan to finance the newly acquired projects in Hong Kong, so as to mitigate the impact on exchange loss in connection with RMB depreciation and effectively reduce finance costs with lower loan interest rate. The above-mentioned financing activities will further enhance the Group's financing structure, balancing the proportion of onshore and offshore financing.

Investment Properties and Hotels

1) Hotels

As at 30 June 2017, the Group had six hotels in operation, including international hotel brands run by world-class hotel management companies, namely: W Hotel Guangzhou, a high-end fashionable hotel; Conrad Guangzhou (a JV project), a cosy luxury hotel newly opened in the first half of the year; Four Points by Sheraton Guangzhou, Dongpu specialised in business banquets; Sheraton Guangzhou Huadu Resort ideal for leisure and entertainment; and The Mulian Hotels in Guangzhou and Hangzhou, two boutique business hotels owned and operated by the Group.

Leveraging on their respective characteristics, these hotels reported steady growth in revenue by offering premium products and concessions to target customers, improving business / accommodation environments and standards of catering and service, as well as maintaining and expanding customer bases. W Hotel Guangzhou recorded an average occupancy rate of 80%, while The Mulian Hotels, the self-owned and operated brand, popular among business travellers and leisure travellers thanks to its unique design, precise customer positioning and excellent geographical location, experienced an ascending occupancy rate. Revenue from hotel operation increased by 5.9% to RMB198.3 million as compared to the same period of last year.

2) Completed Investment Properties Available for Lease

The Group's investment properties comprise mainly shopping malls and office buildings in Guangzhou and Shanghai, such as International Finance Place ("IFP") and Global Metropolitan Plaza in Pearl River New Town, Guangzhou, International Commerce Place in Pazhou, Guangzhou, as well as JV projects such as U Fun Shopping Centre in Xinjiangwan, Shanghai, and Tian Hui Plaza in Pearl River New Town, Guangzhou.

Since its unveiling in 2007, IFP has gained wide recognition from tenants including domestic and international banks as well as multi-national enterprises due to its convenient location at the heart of Pearl River New Town and continuously upgraded property service standards and working environment. During the period, IFP recorded an occupancy rate of over 90% as it continued to stay atop peers in the region in terms of rental rate and occupancy rate. Major tenants included the private bank departments of Bank of China, Industrial and Commercial Bank of China, Standard Chartered Bank and ten other foreign banks. In addition, Global Metropolitan Plaza in Guangzhou and International Commerce Place in Pazhou, Guangzhou have witnessed steady rise in occupancy rate since their official launches.

The Group's main shopping centres are U Fun Shopping Centre in Shanghai and Tian Hui Plaza in Guangzhou, both of which commenced operation in 2016. By introducing domestic and international high-profile merchants, conducting seasonal promotions and organizing theme events to attract target customers, the operation of the two shopping centres are on the right track, as evidenced by the gradual increase in revenue, establishing benchmarks for commercial projects of the Group.

Business Outlook

Looking to the second half year of 2017, the Central Government is expected to formulate appropriate measures for various regions and cities emphasizing the provision of accommodation as the primary purpose of real estate properties. The implementation of different policies based on the actual local conditions ensures healthy development of a long-term effective mechanism for property market.

In the second half of the year, the Group plans to launch brand new projects in Guangzhou, Foshan, Beijing, Nanning, Hangzhou and Tianjin, including Fortunes Seasons in Guangzhou, The Riviera in Foshan, KWG Centre I in Beijing, Wuxiang New City Project IV in Nanning, Shenhua Project in Hangzhou and The Cosmos in Tianjin. These products will feature mainly residential units with GFA of 90-140 sq.m. for first-time home buyers and upgraders. Meanwhile, the Group will launch new batches of existing projects, such as The Summit in Guangzhou, Long King in Foshan, The Core of Centre in Nanning, Chengdu Cosmos and Chengdu Sky Ville, ensuring timely replenishment to its sellable resources and accelerating turnover of inventory.

The Group will also continue to enhance internal management, improve project efficiency and expedite sales, with a view to expanding its scale and market shares, securing balanced and healthy growth in both scale and profit.

Overview of the Group's Property Development

As at 30 June 2017, the Group's major projects are located in Guangzhou, Suzhou, Chengdu, Beijing, Hainan, Shanghai, Tianjin, Nanning, Hangzhou, Nanjing, Foshan, Hefei, Wuhan, Xuzhou, Jiaxing, Taizhou, Jinan, and Hong Kong.

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest *('000 sq.m.)*	Interest Attributable to the Group *(%)*
1.	The Summit	Guangzhou	Residential / villa / serviced apartment / office / commercial / hotel	1,577	100
2.	Global Metropolitan Plaza	Guangzhou	Office / commercial	40	50
3.	Tian Hui Plaza (including The Riviera & Top Plaza)	Guangzhou	Serviced apartment / office / hotel / commercial	64	33.3
4.	The Star	Guangzhou	Serviced apartment / office / commercial	199	100
5.	Top of World	Guangzhou	Villa / serviced apartment / office / commercial / hotel	484	100
6.	The Eden	Guangzhou	Residential / commercial	2	50
7.	Zengcheng Gua Lv Lake	Guangzhou	Villa / hotel	43	100
8.	Essence of City	Guangzhou	Residential / villa / commercial	317	100
9.	International Commerce Place (formerly known as Guangzhou Pazhou Project)	Guangzhou	Office / commercial	50	50
10.	CFC — Mayfair (formerly known as Guangzhou Finance City Project)	Guangzhou	Serviced apartment / office / commercial	103	33.3
11.	The Horizon	Guangzhou	Residential / villa / commercial	160	50
12.	Fortunes Seasons (formerly known as Guangzhou Zhucun I & II)	Guangzhou	Residential / commercial / villa	267	50
13.	IFP	Guangzhou	Office / commercial	61	100
14.	Four Points by Sheraton Guangzhou, Dongpu	Guangzhou	Hotel	35	100
15.	Sheraton Guangzhou Huadu Resort	Guangzhou	Hotel	25	100
16.	W Hotel / W Serviced Apartments	Guangzhou	Hotel / serviced apartment	80	100
17.	The Mulian Guangzhou	Guangzhou	Hotel / commercial	8	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest (*'000 sq.m.*)	Interest Attributable to the Group (*%*)
18.	The Sapphire	Suzhou	Residential / hotel / serviced apartment / office / commercial	53	100
19.	Suzhou Apex	Suzhou	Residential / hotel / serviced apartment / commercial	102	90
20.	Suzhou Emerald	Suzhou	Residential / commercial	15	100
21.	Leader Plaza	Suzhou	Serviced apartment / office / commercial	23	100
22.	Wan Hui Plaza	Suzhou	Office / commercial	60	100
23.	Suzhou Jade Garden	Suzhou	Residential / commercial	6	100
24.	Suzhou Wujiang Project	Suzhou	Residential	79	100
25.	Suzhou Beiqiao Project	Suzhou	Residential / commercial	46	20
26.	The Vision of the World	Chengdu	Residential / serviced apartment / commercial	48	100
27.	Chengdu Cosmos	Chengdu	Residential / office / serviced apartment / commercial / hotel	322	100
28.	Chengdu Sky Ville	Chengdu	Residential / office / serviced apartment / commercial	299	50
29.	Yoonshang (formerly known as Chengdu Dayi Project)	Chengdu	Residential / villa / hotel	618	55
30.	Fragrant Seasons	Beijing	Residential / villa / serviced apartment / commercial	17	100
31.	La Villa	Beijing	Residential / commercial / villa	13	50
32.	Beijing Apex	Beijing	Residential / villa / serviced apartment / commercial	55	50
33.	M • Cube	Beijing	Commercial	16	100
34.	Summer Terrace	Beijing	Residential / commercial	19	100
35.	KWG Centre I	Beijing	Serviced apartment / office / commercial	128	100
36.	KWG Centre II	Beijing	Serviced apartment / office / commercial	125	100
37.	Rose and Ginkgo Mansion	Beijing	Villa	15	33
38.	Pearl Coast	Hainan	Villa / residential / hotel	163	100
39.	Villa Como (formerly known as Moon Bay Project)	Hainan	Villa / residential / commercial / hotel	403	100
40.	International Metropolis Plaza (formerly known as Pudong Project)	Shanghai	Office / commercial	45	100
41.	The Core of Centre	Shanghai	Residential / serviced apartment / commercial / office	43	50

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest *('000 sq.m.)*	Interest Attributable to the Group *(%)*
42.	Shanghai Apex	Shanghai	Residential / serviced apartment / commercial / hotel	50	100
43.	Shanghai Sapphire	Shanghai	Serviced apartment / hotel / commercial	62	100
44.	Shanghai Emerald	Shanghai	Residential / commercial	51	100
45.	Amazing Bay	Shanghai	Residential / office / commercial / serviced apartment / hotel	58	50
46.	Vision of World	Shanghai	Residential / serviced apartment / commercial / hotel	137	100
47.	Glory Palace (formerly known as Shanghai Songjiang Project)	Shanghai	Residential	121	100
48.	Jinnan New Town	Tianjin	Residential / serviced apartment / villa / commercial	578	25
49.	Boulevard Terrace I	Tianjin	Residential / commercial	4	100
50.	Boulevard Terrace II	Tianjin	Residential / villa / commercial	2	100
51.	Tianjin The Cosmos (formerly known as Tianjin Binhai Project)	Tianjin	Residential / villa / commercial	262	100
52.	Tianjin Jinghai Project	Tianjin	Residential	115	49
53.	The Core of Centre	Nanning	Residential / villa / office / commercial	410	87
54.	Guangxi International Finance Place	Nanning	Office / commercial	62	87
55.	Guangxi Top of World	Nanning	Residential / villa / hotel / commercial	364	87
56.	Wuxiang New City Project IV	Nanning	Residential / villa / commercial	316	100
57.	Hangzhou Jade Garden	Hangzhou	Residential	1	100
58.	Hangzhou La Bali	Hangzhou	Residential / villa	1	100
59.	The More	Hangzhou	Residential	10	100
60.	The Mulian Hangzhou	Hangzhou	Hotel / commercial	18	100
61.	The Moon Mansion	Hangzhou	Residential / villa	109	51
62.	Hangzhou Xiaoshan Project	Hangzhou	Residential / villa	56	100
63.	Hangzhou Shenhua Project	Hangzhou	Residential / villa	50	100
64.	Puli Oriental (formerly known as Hangzhou Qiaosi Project)	Hangzhou	Residential / commercial	70	50

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest (’000 sq.m.)	Interest Attributable to the Group (%)
65.	Shine City	Nanjing	Residential / office / commercial / serviced apartment	49	50
66.	Long King (formerly known as Oriental Bund)	Foshan	Residential / serviced apartment / commercial / villa	1,294	50
67.	The Riviera (formerly known as Foshan Shunde Project)	Foshan	Residential / commercial	155	51
68.	Riverine Capital (formerly known as Foshan Fuxi Project)	Foshan	Residential	89	33.3
69.	City Moon I (formerly known as Hefei Luyang Project I)	Hefei	Residential / commercial	71	51
70.	City Moon II (formerly known as Hefei Luyang Project II)	Hefei	Residential / commercial	42	51
71.	Hefei Lujiang Project	Hefei	Residential / commercial	165	100
72.	Joyful Season (formerly known as Wuhan Huarong Project)	Wuhan	Villa / commercial	138	60
73.	Exquisite Bay (formerly known as Xuzhou Project)	Xuzhou	Residential / commercial	153	50
74.	Jiaxing Project	Jiaxing	Residential / commercial	105	100
75.	Linhai Project I	Taizhou	Residential	93	100
76.	Linhai Project II	Taizhou	Residential	101	100
77.	Jinan Zhangqiu Project	Jinan	Residential	151	49
78.	Hong Kong Ap Lei Chau Project	Hong Kong	Residential / villa	35	50
79.	Hong Kong Kai Tak Project	Hong Kong	Residential	27	50

Employees and Emolument Policies

As at 30 June 2017, the Group employed a total of approximately 6,500 employees. The total staff costs incurred were approximately RMB338.3 million during the six months ended 30 June 2017. The remuneration of employees was determined based on their performance, skill, experience and prevailing industry practices. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment to be commensurate with the pay level in the industry. In addition to basic salary, the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or state-managed retirement pension scheme (for the PRC employees), employees may be offered with discretionary bonus and cash awards based on individual performance.

During the period ended 30 June 2017, no share options were exercised, granted, cancelled or lapsed as at the date of approval of this results announcement. In addition, training and development programmes are provided on an on-going basis throughout the Group.

INTERIM DIVIDEND

To appreciate the long-term support of shareholders of the Company (the "Shareholders"), the Board resolved to declare an interim dividend of RMB10 cents per share (the "Interim Dividend") for the six months ended 30 June 2017. The Interim Dividend shall be declared in RMB and payable in cash in Hong Kong dollars and expected to be paid on or around 15 January 2018 to the Shareholders whose names appear on the register of members of the Company (the "Register of Members") on 22 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 18 September 2017 to 22 September 2017 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for the Interim Dividend, all transfers and the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 15 September 2017.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

As at 30 June 2017, the audit committee of the Company (the "Audit Committee") comprises three members who are independent non-executive directors, namely Mr. Tam Chun Fai (chairman), Mr. Lee Ka Sze, Carmelo, JP and Mr. Li Bin Hai. 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 Audit Committee has reviewed the Group's unaudited condensed consolidated interim results for the six months ended 30 June 2017.

SCOPE OF WORK OF ERNST & YOUNG

The unaudited interim condensed consolidated financial statements of the Company and its subsidiary companies for the six months ended 30 June 2017 have been reviewed by the Company's auditor, Ernst & Young, 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. The auditor's independent review report will be included in the Company's 2017 interim report to shareholders.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the period under review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the Company confirmed that they have complied with the required standards set out in the Model Code during the period under review.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period under review.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Company at www.kwgproperty.com and the Stock Exchange at www.hkexnews.hk. An interim report for the six months ended 30 June 2017 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

By Order of the Board
KWG Property Holding Limited
Kong Jian Min
Chairman

Hong Kong, 28 August 2017

As at the date of this announcement, the Board comprises eight directors, of which Mr. Kong Jian Min (Chairman), Mr. Kong Jian Tao, Mr. Kong Jian Nan, Mr. Li Jian Ming and Mr. Tsui Kam Tim are executive directors; and Mr. Lee Ka Sze, Carmelo JP, Mr. Tam Chun Fai and Mr. Li Bin Hai are independent non-executive directors.