



# CHINA SCE PROPERTY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1966.HK



Interim Report 2017



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## CORPORATE PROFILE

China SCE Property Holdings Limited (“China SCE” or the “Company”), together with its subsidiaries (collectively, the “Group”), were established in 1996 and with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) in February 2010 (Stock Code: 1966.HK). The Group’s major businesses include investment holding, property development, property investment and property management. The Company is headquartered in Shanghai for its business operations, while implementing regional focused development strategy targeting the first- and second-tier cities in the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, the Pearl River Delta Economic Zone and the West Taiwan Strait Economic Zone.

The Group’s property projects are distributed in 21 cities, including Beijing, Shanghai, Shenzhen, Tianjin, Nanjing, Hangzhou, Suzhou, Qingdao, Jinan, Xiamen and Nanchang. Its products cover a wide range of properties including high-rise residential buildings, low-rise residential buildings, villas, commercial buildings and offices. The Company upholds “We Build to Inspire” (專築您的感動) as its corporate mission, strives to satisfy customers’ needs and diligently pursues excellence in product quality. The Company was awarded the “2017 Best 50 of China Real Estate Developers” (2017中國房地產開發企業50強) and “Fortune China 500” (財富中國500強).

As at 30 June 2017, the Group together with its joint ventures and associates owned a land bank with an aggregate planned gross floor area (“GFA”) of approximately 12.09 million square metres (“sq.m.”), which is believed to suffice the development by the Group in the next three to four years. In the future, China SCE will continue to deepen the strategic plan of “Regional Focused, Nationwide Development” (區域聚焦，全國發展) and secure the regional leading position by implementing more proactive and prudent development strategies. In addition, the Company will strive to become a more competitive developer in the People’s Republic of China (“PRC”).

### Shanghai • SCE Plaza





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Wong Chiu Yeung (*Chairman*)  
Mr. Chen Yuanlai  
Mr. Cheng Hiu Lok  
Mr. Huang Youquan  
Mr. Wong Lun (with effect from 1 March 2017)

#### Independent Non-executive Directors

Mr. Ting Leung Huel Stephen  
Mr. Lu Hong Te  
Mr. Dai Yiyi

### COMPANY SECRETARY

Mr. Li Siu Po

### AUTHORISED REPRESENTATIVES

Mr. Wong Chiu Yeung  
Mr. Li Siu Po

### AUDIT COMMITTEE

Mr. Ting Leung Huel Stephen (*Chairman*)  
Mr. Lu Hong Te  
Mr. Dai Yiyi

### REMUNERATION COMMITTEE

Mr. Dai Yiyi (*Chairman*)  
Mr. Wong Chiu Yeung  
Mr. Ting Leung Huel Stephen

### NOMINATION COMMITTEE

Mr. Wong Chiu Yeung (*Chairman*)  
Mr. Lu Hong Te  
Mr. Dai Yiyi

### CORPORATE GOVERNANCE COMMITTEE

Mr. Huang Youquan (*Chairman*)  
Mr. Ting Leung Huel Stephen  
Mr. Lu Hong Te

### AUDITORS

Ernst & Young  
Certified Public Accountants

### LEGAL ADVISORS AS TO HONG KONG LAWS

Chiu & Partners

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

Tower B23  
SCE Plaza, No. 26  
Lane 1588, Shengchang Road  
Minhang District, Shanghai  
China



## CORPORATE INFORMATION

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1606, Nanyang Plaza  
No. 57 Hung To Road  
Kwun Tong, Kowloon  
Hong Kong

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716  
17/F, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### PRINCIPAL BANKERS

Industrial and Commercial Bank of China  
Agricultural Bank of China  
Bank of China  
China Construction Bank Corporation  
Ping An Bank  
Shanghai Pudong Development Bank  
Hongkong and Shanghai Banking Corporation  
Hang Seng Bank  
Bank of China (Hong Kong)

### INVESTOR RELATIONS

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### STOCK CODE

The Stock Exchange of Hong Kong Limited: 1966.HK

### COMPANY WEBSITE

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# FINANCIAL HIGHLIGHTS

## SUMMARY OF STATEMENT OF PROFIT OR LOSS

	For the six months ended 30 June		
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	Increase (%)
Revenue	8,166,170	5,795,279	40.9
Gross profit	2,505,111	1,491,177	68.0
Profit for the period	1,210,735	883,672	37.0
Profit attributable to owners of the parent	1,013,530	630,675	60.7
Core profit attributable to owners of the parent	938,985	455,469	106.2

## SUMMARY OF STATEMENT OF FINANCIAL POSITION

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000	Increase (%)
Total assets	63,367,719	50,834,872	24.7
Cash and bank balances	13,443,793	8,602,758	56.3
Total debts	(24,036,818)	(18,278,355)	31.5
Total liabilities	(50,204,649)	(38,763,041)	29.5
Total equity	13,163,070	12,071,831	9.0

# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET REVIEW

In the first half of 2017, fiscal policies in force have still been actively implemented with prudent and neutral monetary policies maintained nationwide in China. Tightened real estate control policies appeared in some cities. Apart from the traditional control policies of restricting property purchase, mortgage and price, policies on sale restriction have also been adopted. These policies effectively curbed the increase on residential property prices adhering to the principle of the control policy that “houses are for living instead of speculation”. Although different real estate control policies are affecting the markets in various cities, the overall transaction volume on real estate continues to steadily increase in the country. The property prices in some first-tier and popular second-tier cities slightly declined. Under the strict control policies implemented in these cities, part of the demand in these markets has been flowing into the third- or fourth-tier cities nearby, increasing the property prices and transaction volume in those third- or fourth-tier cities.

According to the data from the National Bureau of Statistics, in the first half of 2017, the sales area of commodity housing sold in the PRC was approximately 747 million sq.m., representing a year-on-year growth of 16.1%, of which the sales area of residential housing increased by 13.5%, while the sales amount of commodity housing amounted to approximately RMB5,915.2 billion, representing an increase of 21.5%, of which the sales amount of residential housing increased by 17.9%.

### Shenzhen • Sunshine City





# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OVERVIEW

In the six months ended 30 June 2017, contracted sales amounts of the Group together with its joint ventures and associates reached another record-high, and accumulated contracted sales amount was approximately RMB15.524 billion (including the contracted sales amount of approximately RMB3.144 billion from the joint ventures and associates), and accumulated contracted sales area was about 852,000 sq.m. (including the contracted sales area of approximately 196,000 sq.m. from the joint ventures and associates), representing a year-on-year growth of 30.7% and 15.8% respectively. The average selling price of properties during the period was RMB18,221 per sq.m., representing a year-on-year growth of 12.8%. In the six months ended 30 June 2017, the Group together with its joint ventures and associates achieved 55.4% of the annual sales target of RMB28 billion.

In the first half of 2017, the Group together with its joint ventures and associates had an aggregate of over 40 projects for sale in 12 cities, among which six projects were newly launched in the period, namely The Paramount and Jade Plaza in Beijing, Sky Horizon in Shanghai, Royal Palace and Garden Terrace in Tianjin and Central Unique Mansion in Quanzhou. The Group's strategy of "Focusing on first-tier cities and quality second-tier cities" has contributed to the soaring contracted sales in the first- and second-tier cities, representing 74.0% of the total contracted sales amount.

### Shanghai • The Prestige



## MANAGEMENT DISCUSSION AND ANALYSIS

The contracted sales realised by the Group together with its joint ventures and associates during the period are set out below:

### By City

City	Contracted Sales Area (sq.m.)	Average Selling Price of Contracted Sales (RMB/sq.m.)	Contracted Sales Amount (RMB in million)	Percentage of Contracted Sales Amount (%)
Beijing	35,605	70,051	2,494	16.1
Shanghai	78,659	56,583	4,451	28.7
Shenzhen	15,781	35,625	562	3.6
Tianjin	157,427	17,015	2,679	17.3
Hangzhou	38,800	15,151	588	3.8
Xiamen	22,169	12,830	284	1.8
Nanchang	30,478	13,617	415	2.7
Quanzhou	251,759	8,607	2,167	14.0
Zhangzhou	101,256	12,336	1,249	8.0
Linfen	52,479	6,256	328	2.1
Others	67,585	4,537	307	1.9
<b>Total</b>	<b>851,998</b>	<b>18,221</b>	<b>15,524</b>	<b>100.0</b>

From the perspective of distribution among cities, contracted sales in Shanghai have been the most remarkable among the first-tier cities, amounting to approximately RMB4.451 billion. Projects for sale have all performed excellently in terms of sales. An appraisal jointly published by the China Real Estate Association and the China Real Estate Appraisal Centre of Shanghai E-House Real Estate Research Institute has revealed that the Group was one of the “2017 Best 10 of China Real Estate Developers in Shanghai”, which is in turn evidence of our ability to consolidate the leading position of the Group in Shanghai in only three years. The Group has also demonstrated its excellent performance in Tianjin and Beijing by means of the realised contracted sales amounts amounting to approximately RMB2.679 billion and RMB2.494 billion respectively. Moreover, the projects of the Group located in the third- or fourth-tier cities have benefited from the spillover effect derived from the first-tier and popular second-tier cities, and recorded satisfying sales performance, among which, the contracted sales amounts of projects in Quanzhou and Zhangzhou accounted for 14.0% and 8.0%, respectively, of the total contracted sales amount during the period.



# MANAGEMENT DISCUSSION AND ANALYSIS

## By Region

Region	Contracted Sales Area (sq.m.)	Average Selling Price of Contracted Sales (RMB/sq.m.)	Contracted Sales Amount (RMB in million)	Percentage of Contracted Sales Amount (%)
Bohai Rim Economic Zone	303,844	19,025	5,780	37.2
Yangtze River Delta Economic Zone	117,459	42,897	5,039	32.5
West Taiwan Strait Economic Zone	414,914	9,984	4,143	26.7
Pearl River Delta Economic Zone	15,781	35,625	562	3.6
<b>Total</b>	<b>851,998</b>	<b>18,221</b>	<b>15,524</b>	<b>100.0</b>

The proportions of contracted sales amounts of the Group together with its joint ventures and associates in the Bohai Rim Economic Zone and the Yangtze River Delta Economic Zone have been the highest and the second highest, which accounted for 37.2% and 32.5% respectively. Immediately after them was the contracted sales amount in the West Taiwan Strait Economic Zone, which accounted for 26.7% of the total contracted sales amount.

### Zhangzhou • Sapphire Boomtown



# MANAGEMENT DISCUSSION AND ANALYSIS

## By City Tier

City Tier	Contracted Sales Area (sq.m.)	Average Selling Price of Contracted Sales (RMB/sq.m.)	Contracted Sales Amount (RMB in million)	Percentage of Contracted Sales Amount (%)
First-tier Cities	130,045	57,727	7,507	48.4
Second-tier Cities	248,874	15,936	3,966	25.6
Third- and Fourth-tier Cities	473,079	8,563	4,051	26.0
<b>Total</b>	<b>851,998</b>	<b>18,221</b>	<b>15,524</b>	<b>100.0</b>

From the perspective of city tier, for the first half of 2017, the contracted sales amounts of the Group together with its joint ventures and associates in the first- and second-tier cities have been rising as compared to the corresponding period last year and accounted for 48.4% and 25.6% respectively, by which, significant achievement on the Group's strategy of "Focusing on first-tier cities and quality second-tier cities" has been demonstrated.

### Yanjiao • Sunshine City



# MANAGEMENT DISCUSSION AND ANALYSIS

## Recognised Property Sales Income

In the first half of 2017, the Group recognised a property sales income of approximately RMB7.971 billion and delivered property area of 589,965 sq.m., representing a year-on-year growth of 42.3% and decrease of 25.2% respectively with an average property selling price of RMB13,512 per sq.m., representing a year-on-year growth of 90.3%. In the first half of 2017, the recognised property sales income derived from the first-tier cities accounted for 56.4%. Details of the recognised property sales income of the Group are as follows:

### By City

City	Recognised Property Sales Area (sq.m.)	Average Selling Price of Recognised Property Sales (RMB/sq.m.)	Recognised Property Sales Income (RMB in million)	Percentage of Recognised Property Sales Income (%)
Shanghai	82,901	38,770	3,214	40.3
Shenzhen	39,997	32,047	1,282	16.1
Nanchang	9,659	10,816	104	1.3
Quanzhou	359,482	7,562	2,719	34.1
Zhangzhou	70,035	8,138	570	7.2
Others	27,891	2,958	82	1.0
<b>Total</b>	<b>589,965</b>	<b>13,512</b>	<b>7,971</b>	<b>100.0</b>

### By Region

Region	Recognised Property Sales Area (sq.m.)	Average Selling Price of Recognised Property Sales (RMB/sq.m.)	Recognised Property Sales Income (RMB in million)	Percentage of Recognised Property Sales Income (%)
Yangtze River Delta Economic Zone	82,901	38,770	3,214	40.3
West Taiwan Strait Economic Zone	451,636	7,613	3,438	43.1
Bohai Rim Economic Zone	15,431	2,415	37	0.5
Pearl River Delta Economic Zone	39,997	32,047	1,282	16.1
<b>Total</b>	<b>589,965</b>	<b>13,512</b>	<b>7,971</b>	<b>100.0</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

Zhangzhou • Sunshine City



Shanghai • Parkview Bay



## By City Tier

City Tier	Recognised Property Sales Area (sq.m.)	Average Selling Price of Recognised Property Sales (RMB/sq.m.)	Recognised Property Sales Income (RMB in million)	Percentage of Recognised Property Sales Income (%)
First-tier Cities	122,898	36,582	4,496	56.4
Second-tier Cities	9,659	10,816	104	1.3
Third- and Fourth-tier Cities	457,408	7,370	3,371	42.3
<b>Total</b>	<b>589,965</b>	<b>13,512</b>	<b>7,971</b>	<b>100.0</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Project Development

During the period, four new projects of the Group, namely The Paramount in Beijing, The Glamour in Shanghai and Royal Palace and Garden Terrace in Tianjin, with an aggregate planned GFA of approximately 696,000 sq.m., have their construction commenced, all of which are located in first- or second-tier cities. During the six months ended 30 June 2017, the Group had a total of 19 projects under construction with an aggregate planned GFA of approximately 2.37 million sq.m., details of which are as follows:

Project Name	City	Type of Property	Interest Attributable to the Group (%)	Total Planned GFA (sq.m.)	Expected Year of Completion
Polaris	Beijing	High-rise residential and SOHO apartments	100	45,174	2018
Sunshine Mansion	Beijing	Low-rise residential	100	63,600	2018
The Paramount	Beijing	High-rise residential, low-rise residential, villas and retail shops	100	201,175	2019
SCE Plaza (Phase 2)	Shanghai	SOHO apartments	56	42,255	2018
Sky Horizon	Shanghai	High-rise residential, low-rise residential, LOFT apartments and retail shops	100	47,325	2018
The Royal Bay	Shanghai	Villas and retail shops	100	108,124	2018–2019
The Glamour	Shanghai	High-rise residential and low-rise residential	100	19,797	2019
Marina Bay	Tianjin	Low-rise residential and villas	100	153,504	2018
Royal Palace	Tianjin	High-rise residential, low-rise residential and villas	100	187,055	2019
Garden Terrace	Tianjin	High-rise residential and low-rise residential	51	287,664	2019
The Royal Green	Hangzhou	High-rise residential and retail shops	100	181,525	2018
Uptown	Nanchang	High-rise residential, SOHO apartments, LOFT apartments and retail shops	100	214,680	2018
SCE Plaza	Quanzhou	SOHO apartments, office and retail shops	100	63,332	2017–2018
Gold Coast (Phase 1) (Partial)	Quanzhou	High-rise residential and retail shops	45	72,572	2019
Parkview Bay	Quanzhou	High-rise residential, SOHO apartments and retail shops	60	142,313	2019
Sapphire Boomtown (Phase 3) (Partial)	Zhangzhou	High-rise residential	100	26,038	2018
Sunshine City (Phase 3)	Zhangzhou	High-rise residential and retail shops	75	160,137	2017
Sunshine City (Phase 2)	Yanjiao	High-rise residential and retail shops	55	181,957	2017
SCE International Community (Phase 4)	Linfen	High-rise residential and retail shops	70	173,003	2018
<b>Total</b>				<b>2,371,230</b>	

# MANAGEMENT DISCUSSION AND ANALYSIS

## Land Bank

During the period, owing to the tremendous market demand for land in the first-tier and popular second-tier cities, the Group had temporarily reduced land acquisitions in these cities, and diverted its acquisition targets to the second-tier cities with relatively higher potential profitability, as well as extended cities to which demand is driven from the first-tier and popular second-tier cities. Apart from the bidding of land in open tender, the Group has been actively seeking acquisition and merger opportunities in order to expand its land bank flexibly. During the period, the Group succeeded in acquiring 14 new projects in second-tier cities and the extended cities of the first-tier and popular second-tier cities located in Tianjin, Nanjing, Hangzhou, Suzhou, Qingdao, Foshan, Jinan, Nanchang, Quanzhou, Xuzhou, Zhenjiang, Huizhou and Zhangzhou, respectively. In the first half of 2017, above-ground buildable area for the new land acquired was approximately 2.49 million sq.m. with an aggregate land consideration of approximately RMB14.303 billion and the average land cost was RMB5,746 per sq.m.. Among them, the above-ground buildable area through acquisition and merger was approximately 1.41 million sq.m..

As at 30 June 2017, the Group together with its joint ventures and associates had a land bank with an aggregate planned GFA of approximately 12.09 million sq.m. (the aggregate planned GFA attributable to the Group was approximately 8.47 million sq.m.) and distributed over 21 cities. From the perspective of geographic distribution, the land bank costs of the Group together with its joint ventures and associates located in the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, the West Taiwan Strait Economic Zone and the Pearl River Delta Economic Zone have accounted for 32.3%, 41.1%, 14.4% and 12.2% of the total land bank cost (excluding investment properties) respectively. Considering the city tier, the land bank costs of the Group together with its joint ventures and associates located in first-tier, second-tier as well as third- and fourth-tier cities have accounted for 31.7%, 41.7% and 26.6% of the total land bank cost (excluding investment properties) respectively.

### Quanzhou • Gold Coast





# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Strategy

The Group's flexibility in its adoption of various financing channels since the Company's listing on the Hong Kong Stock Exchange has been continuously optimising its debt structure which has resulted in continuous decline in the average financing cost of the Group. Moreover, there was continuous improvement in the Group's financial position with its credit rating or outlook upgraded three times by rating agencies during the period. As at 30 June 2017, the cash and bank balances of the Group amounted to approximately RMB13.444 billion and its short-term bank and other borrowings was only approximately RMB4.202 billion, by which high liquidity of the Group is sufficiently evidenced.

In March and April 2017, the Group captured an opportune moment by means of its offshore issuance of US\$500 million 5.875% senior notes due 2022, representing the lowest coupon rate in history for the offshore senior notes issued by the Company. Proceeds from the senior notes will be used to refinance certain existing indebtedness and working capital purposes.

In March 2017, Moody's Investors Service upgraded the rating outlook of the Company from "negative" to "stable" with its further affirmation that the Company had a long-term corporate credit rating of "B1". In April this year, Standard & Poor's Rating Services also upgraded the rating outlook of the Company from "stable" to "positive", affirming that the long-term corporate rating of the Company was "B". Moreover, Xiamen Zhongjun Industrial Co., Ltd., a subsidiary of the Company, also has its corporate long-term credit rating upgraded to "AA+" by Dagong Global Credit Rating Co., Ltd. and the rating outlook of the subsidiary was believed to be "stable".

## Outlook

The Group anticipates that China's control policies over real estate will remain effective for a certain period of time, enabling the overall property price to remain stable in the second half of 2017 and the growth in the sales of property will slow down. By virtue of the appropriate implementation of "Policy by City" as well as the impact on the reinforced control policies over first-tier and popular second-tier cities, there will be moderate adjustment to the sales of property. The existing boom in property purchase will continuously expand and flow to third- and fourth-tier cities, resulting in an expected steady increase in the sales of property in those extended markets.

In terms of land bank, the Group has grasped its strategy of "Focusing on first-tier cities and quality second-tier cities" and its extended markets by capturing the opportunities to increase the number of real estate projects in second-tier as well as extended cities, as a result of the spillover effect from those first-tier and popular second-tier cities through acquisition and merger in preparation for its saleable resources in future. The continuous emigration toward the extended cities under metropolitan area and traffic network expansion also contributes to the healthy development on real estates in these cities.



## MANAGEMENT DISCUSSION AND ANALYSIS

In terms of construction plan, in the second half of 2017, construction commencement of the Group in the first- and second-tier cities will continue while construction commencement of projects in extended cities will be expedited. Nine projects are expected to have official construction commencement, namely, The Paramount in Shanghai, 6 Park Square in Nanjing, Parkview Bay in Jinan, Royal Bay, The Paramount and Garden Terrace in Quanzhou, Sunshine City in Zhenjiang, Royal Terrace in Huizhou and Sunshine City in Zhangzhou, respectively. The aggregate planned GFA for construction in the second half of 2017 is expected to be approximately 1.72 million sq.m. in total.

In terms of launch strategy, in view of the possible transaction volume adjustment in property markets in first-tier and popular second-tier cities, the Group aspires to capture the best timing in launching properties by keeping an eye on the market trend. There will be a steady increase in the market price of properties in extended cities under the spillover effects of demand from the first-tier and popular second-tier cities. Meanwhile, the Group will keep track of the property market development and proactively conduct property launch in the extended markets with a view to maximising its profit from each of the projects. In the second half of 2017, the Group together with its joint ventures and associates plan to launch 10 new projects, namely, The Glamour and The Paramount in Shanghai, 6 Park Square in Nanjing, Foshan Project, Parkview Bay in Jinan, The Paramount, Royal Bay, Garden Terrace and Parkview Bay in Quanzhou and Sunshine City in Zhangzhou. It is estimated that, in the second half of 2017, total area of property available for pre-sale, including the launched but unsold area, of the Group together with its joint ventures and associates will be over 1.7 million sq.m..

Even though the current property markets are still affected by the control policies, the policies primarily aim at suppressing the demand in relation to speculation. In view of the urbanisation and metropolitan development, the rigid demand and the demand for upgrading will remain keen. Although more time is needed for certain third- and fourth-tier cities to alleviate the destocking pressure, the property markets in China, especially the first- and popular second-tier cities and its extended market, are still experiencing a relatively long-term growth in terms of demand. Therefore, the Group is optimistic about the prospects of property markets in China. In addition, with the surge in rental population and the continuous increase of rents in first-tier and popular second-tier cities, the Group has confirmed that the expansion into long-term rental apartments market will become one of its most important development strategies, which will rapidly make it as the industry leader in this segment, and the asset-light model of long-term rental apartments will generate new points of growth for the Group.



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

The revenue of the Group mainly derives from sales of properties, rental income, property management fees and project management income.

The revenue increased significantly by 40.9% from approximately RMB5,795,279,000 in the first half of 2016 to approximately RMB8,166,170,000 in the first half of 2017, which was attributable to the increase in property sales income.

- **Sales of properties**

Income from property sales increased significantly by 42.3% from approximately RMB5,600,820,000 in the first half of 2016 to approximately RMB7,971,375,000 in the first half of 2017. Delivered area decreased by 25.2% from 788,965 sq.m. in the first half of 2016 to 589,965 sq.m. in the first half of 2017. The average unit selling price increased from RMB7,099 per sq.m. in the first half of 2016 to RMB13,512 per sq.m. in the first half of 2017.

- **Rental income**

Rental income increased to approximately RMB60,647,000 in the first half of 2017, which was consistent with that of the first half of 2016.

- **Property management fees**

Property management fees increased significantly by 73.5% from approximately RMB71,995,000 in the first half of 2016 to approximately RMB124,942,000 in the first half of 2017, which was mainly attributable to the increase in number and floor area of properties under the management.

- **Project management income**

The project management income decreased significantly by 85.1% from approximately RMB61,991,000 in the first half of 2016 to approximately RMB9,206,000 in the first half of 2017, which was attributable to the project management service and other property related service income provided to a joint venture.

### Gross Profit

Gross profit increased significantly by 68.0% from approximately RMB1,491,177,000 in the first half of 2016 to approximately RMB2,505,111,000 in the first half of 2017. Gross profit margin increased significantly from 25.7% in the first half of 2016 to 30.7% in the first half of 2017. The increase in gross profit margin was attributable to a higher proportion of products in first-tier cities with relatively higher gross profit margin delivered during the period.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Changes in Fair Value of Investment Properties

The fair value gains of investment properties increased significantly by 92.6% from approximately RMB140,820,000 in the first half of 2016 to approximately RMB271,257,000 in the first half of 2017. The fair value gains of investment properties during the period were mainly attributable to the value appreciation of the shopping malls of World City in Beijing and Fortune Plaza • World City in Quanzhou.

## Selling and Marketing Expenses

Selling and marketing expenses increased significantly by 105.9% from approximately RMB130,008,000 in the first half of 2016 to approximately RMB267,627,000 in the first half of 2017. The increase in selling and marketing expenses was mainly attributable to the increase in advertisements and promotion activities.

## Administrative Expenses

Administrative expenses increased significantly by 146.7% from approximately RMB152,924,000 in the first half of 2016 to approximately RMB377,303,000 in the first half of 2017. The increase in administrative expenses was mainly attributable to the inclusion of the equity-settled share option expenses of approximately RMB53,965,000, exchange loss of approximately RMB82,286,000 and increase in administrative staff costs to cope with the needs for business expansion in the first half of 2017.

## Finance Costs

Finance costs increased significantly by 53.6% from approximately RMB132,241,000 in the first half of 2016 to approximately RMB203,152,000 in the first half of 2017. Finance costs mainly represented partial borrowing costs which have not been capitalised as certain funds were not used for project developments. Due to the increase in bank and other borrowings (including senior notes and domestic bonds), total interest expense increased significantly by 31.5% from approximately RMB581,386,000 in the first half of 2016 to approximately RMB764,663,000 in the first half of 2017.

## Income Tax Expense

Income tax expense increased significantly by 75.4% from approximately RMB442,755,000 in the first half of 2016 to approximately RMB776,712,000 in the first half of 2017. The increase in income tax expense was mainly due to more provision for corporate income tax and land appreciation tax made as a result of significant increase in income from property sales and increase in gross profits margin of projects.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Profit for the Period

Profit for the period increased significantly by 37.0% from approximately RMB883,672,000 in the first half of 2016 to approximately RMB1,210,735,000 in the first half of 2017, which was mainly attributable to the significant increase in income from property sales and increase in gross profit margin of projects during the period. The core profit margin increased by 1.0 percentage point from 12.3% in the first half of 2016 to 13.3% in the first half of 2017.

## Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent increased significantly by 60.7% from approximately RMB630,675,000 in the first half of 2016 to approximately RMB1,013,530,000 in the first half of 2017. Basic earnings per share amounted to approximately RMB29.6 cents in the first half of 2017. Core profit attributable to owners of the parent increased significantly by 106.2% from approximately RMB455,469,000 in the first half of 2016 to approximately RMB938,985,000 in the first half of 2017.

## LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

### Cash Position

As at 30 June 2017, the Group's cash and bank balances were denominated in different currencies as set out below:

	<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
Renminbi	11,415,642	8,534,948
Hong Kong dollars	10,324	13,968
US dollars	2,017,827	53,842
<b>Total cash and bank balances</b>	<b>13,443,793</b>	8,602,758

According to the relevant laws and regulations of the PRC, certain property development companies of the Group are required to place certain amounts of cash and bank deposits into designated bank accounts to provide guarantees for the development of the relevant properties. The Group also places certain deposits in banks in the PRC to secure certain bills issued from banks in the PRC. As at 30 June 2017, the amount of restricted cash and pledged deposits were approximately RMB1,336,436,000 (31 December 2016: approximately RMB1,128,823,000) and approximately RMB119,399,000 (31 December 2016: approximately RMB261,941,000), respectively.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Borrowings and Pledged Assets

The maturity of the borrowings of the Group as at 30 June 2017 is as follows:

	<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
Bank and other borrowings:		
Within one year or on demand	4,201,628	3,427,434
In the second year	6,509,860	3,062,222
In the third to fifth years, inclusive	4,065,971	5,930,730
Beyond fifth years	147,320	–
	<b>14,924,779</b>	12,420,386
Senior notes and domestic bonds:		
In the second year	3,473,014	3,470,293
In the third to fifth years, inclusive	5,639,025	2,387,676
	<b>9,112,039</b>	5,857,969
Total borrowings	<b>24,036,818</b>	18,278,355

# MANAGEMENT DISCUSSION AND ANALYSIS

The borrowings were denominated in different currencies as set out below:

	<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
Bank and other borrowings:		
Renminbi	11,995,620	9,403,960
Hong Kong dollars	103,823	113,025
US dollars	2,825,336	2,903,401
	<b>14,924,779</b>	12,420,386
Senior notes and domestic bonds:		
Renminbi	3,473,014	3,470,293
US dollars	5,639,025	2,387,676
	<b>9,112,039</b>	5,857,969
<b>Total borrowings</b>	<b>24,036,818</b>	18,278,355

As at 30 June 2017, approximately RMB11,995,620,000 (31 December 2016: approximately RMB9,409,925,000) of bank and other borrowings was secured by the Group's bank deposits, property and equipment, investment properties, prepaid land lease payments, properties under development and completed properties held for sale with a total carrying value of approximately RMB20,822,740,000 (31 December 2016: approximately RMB18,867,129,000), and capital stocks of certain subsidiaries. The senior notes of US\$350 million at a coupon rate of 10.0% due 2020 issued in July 2015 (the "2015 Senior Notes"), the senior notes of US\$500 million at a coupon rate of 5.875% due 2022 issued in March 2017 and April 2017 (the "2017 Senior Notes") and approximately RMB2,660,371,000 (31 December 2016: approximately RMB2,733,292,000) of bank and other borrowings were guaranteed by certain subsidiaries of the Company and secured by pledges over their capital stocks.

As at 30 June 2017, except for certain bank and other borrowings of approximately RMB7,878,120,000 (31 December 2016: approximately RMB5,175,000,000) bearing interest at fixed interest rates, all the Group's bank and other borrowings bear interest at floating interest rates. The 2015 Senior Notes, the 2017 Senior Notes and the domestic corporate bonds of RMB2 billion at a coupon rate of 5.18% due 2020 issued in October 2015 and the domestic corporate bonds of RMB1.5 billion at a coupon rate of 5.3% due 2020 issued in December 2015 bear interest at fixed interest rates.

## Gearing Ratio

The net gearing ratio was calculated by dividing the net amount of borrowings (including bank and other borrowings, senior notes and domestic bonds after deduction of cash and cash equivalents, restricted cash and pledged deposits) by total equity. As at 30 June 2017, the net gearing ratio was 80.5% (31 December 2016: 80.2%).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Exchange Rate Fluctuation Exposures

The Group's business are located in the PRC and all of the Group's revenue and substantially all of the Group's operating expenses are denominated in RMB. The majority of the Group's assets and liabilities are denominated in RMB. As at 30 June 2017, except for certain bank deposits, available-for-sale investment, bank and other borrowings, the 2015 Senior Notes and the 2017 Senior Notes which were denominated in foreign currencies, exchange rate changes of RMB against foreign currencies will not have material adverse effect on the results of operations of the Group.

During the first half of 2017, the Group had entered into certain capped forward cross currency swap contracts to mitigate the currency risk exposure of foreign currency denominated indebtedness. As at 30 June 2017, the Group had entered into capped forward cross currency swap contracts with an aggregate contract amount of US\$750 million. Save as disclosed above, no other foreign currency hedging arrangement was made as at 30 June 2017. The Group will closely monitor its exposure to fluctuation in foreign currency exchange rates.

## CONTINGENT LIABILITIES

As at 30 June 2017, the Group provided financial guarantees to the banks in respect of the following items:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	11,781,029	11,845,901

In addition, the Group's share of the joint ventures' own financial guarantees, which are not included in the above, is as follows:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the joint ventures' properties	608,169	238,418

Furthermore, as at 30 June 2017, the Group provided guarantee to a bank in connection with a loan amount of RMB731,000,000 (31 December 2016: RMB731,000,000) granted to a joint venture.



# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL COMMITMENTS

As at 30 June 2017, the capital commitments of the Group are as follows:

	<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
Contracted, but not provided for: Capital expenditure for properties under development, prepaid land lease payments and construction of investment properties in Mainland China	<b>6,547,627</b>	10,316,388

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
Contracted, but not provided for: Capital expenditure for joint ventures' properties under development and construction of investment properties in Mainland China	<b>129,554</b>	213,796

## EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2017, the Group had a total of 4,013 employees (31 December 2016: 3,554 employees). During the period under review, the total cost of employees was approximately RMB229,885,000 (six months ended 30 June 2016: approximately RMB112,438,000). The Group provides employees with competitive remuneration and benefits and has adopted a share option scheme to provide incentives and rewards to, among others, the employees (please refer to the section headed "Disclosure of Interests — Share Option Scheme" of this report for further details of the share option scheme). The remuneration policy is reviewed on a regular basis based on the performance and contribution of the employees and the industry remuneration level. In addition, the Group also provides various training courses to enhance its employees' skills and capabilities in all aspects. The Group has launched its management trainee programme since 2011 for positions in selected functional areas in order to build pipeline for succession.

# DISCLOSURE OF INTERESTS

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), are as follows:

Long positions in ordinary shares (the "Shares") of the Company:

Name of Director	Interest in Shares			Percentage of the Company's Issued Share Capital
	Beneficial Owner	Interest of Controlled Corporation	Total Number of Shares Held or Interested	
Mr. Wong Chiu Yeung ("Mr. Wong")	15,700,000	1,968,000,000 (Note 1)	1,983,700,000	57.94%
Mr. Chen Yuanlai ("Mr. Chen")	20,000,000	144,000,000 (Note 2)	164,000,000	4.79%
Mr. Cheng Hiu Lok ("Mr. Cheng")	–	144,000,000 (Note 3)	144,000,000	4.21%

Long positions in share options of the Company:

Name of Director	Number of share options directly beneficially owned	Percentage of the Company's Issued Share Capital
Mr. Huang Youquan	34,000,000	0.99%

Note 1: These 1,968,000,000 Shares were registered in the name of Newup Holdings Limited ("Newup"). Mr. Wong held 100% of the entire issued share capital of Newup and was deemed to be interested in the 1,968,000,000 Shares held by Newup pursuant to the SFO.

Note 2: These 144,000,000 Shares were registered in the name of Rising Trade Holdings Limited. Mr. Chen held 100% of the entire issued share capital of Rising Trade Holdings Limited and was deemed to be interested in the 144,000,000 Shares held by Rising Trade Holdings Limited pursuant to the SFO.

Note 3: These 144,000,000 Shares were registered in the name of Wealthy Gate Holdings Limited. Mr. Cheng held 100% of the entire issued share capital of Wealthy Gate Holdings Limited and was deemed to be interested in the 144,000,000 Shares held by Wealthy Gate Holdings Limited pursuant to the SFO.

## DISCLOSURE OF INTERESTS

Save as disclosed above, as at 30 June 2017, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2017, the interests and short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO are as follows:

Long positions:

Name	Capacity and Nature of Interest	Number of Shares Held or Interested	Percentage of the Company's Issued Share Capital
Newup (Note)	Beneficial owner	1,968,000,000	57.48%

Note: Newup was wholly-owned and controlled by Mr. Wong. Accordingly, Mr. Wong was deemed to be interested in the shares held by Newup. Mr. Wong was the sole director of Newup.

Save as disclosed above, as at 30 June 2017, no person, other than a Director or chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

### SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The participants of the Scheme include any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of any member of the Group and any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

The Scheme became effective on 6 January 2010 and unless otherwise cancelled or amended, will remain in force for a period of 10 years up to 5 January 2020.

## DISCLOSURE OF INTERESTS

During the six months ended 30 June 2017, details of movements in the share options under the Scheme are as follows:

Category and name of grantee	Outstanding at 1 January 2017	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding at 30 June 2017	Exercise price per share	Date of grant	Exercise period
Director									
Mr. Huang Youquan	24,000,000	-	-	-	-	24,000,000	HK\$2.4	23 December 2016	23 June 2017 to 5 January 2020
	10,000,000	-	-	-	-	10,000,000	HK\$2.4	23 December 2016	23 December 2018 to 5 January 2020
Sub-total	34,000,000	-	-	-	-	34,000,000			
Employees of the Group									
	190,000,000	-	-	-	-	190,000,000	HK\$2.4	23 December 2016	23 June 2017 to 5 January 2020
	60,000,000	-	-	-	-	60,000,000	HK\$2.4	23 December 2016	23 December 2018 to 5 January 2020
Sub-total	250,000,000	-	-	-	-	250,000,000			
Total	284,000,000	-	-	-	-	284,000,000			

The exercise price of the share options is determinable by the board (the "Board") of Directors of the Company, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the Hong Kong Stock Exchange's daily quotation sheets on the date of grant of the share options; (ii) the average closing price of the Company's shares as quoted on the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares on the date of grant.

The values of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself. The value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option.

As at 30 June 2017, the Company had 284,000,000 share options outstanding under the Scheme (31 December 2016: 284,000,000 share options). Should they be fully exercised, the Company will receive HK\$681,600,000 (before issue expenses). The fair value of these unexercised options measured in accordance with the Group's accounting policy amounted to HK\$78,448,000.



## OTHER INFORMATION

### CORPORATE GOVERNANCE

The Company has been committed to maintain a high standard of corporate governance so as to enhance the operational efficiency of the Company. The Company believes that such commitment is beneficial to safeguard the interests of the Company and its shareholders. During the six months ended 30 June 2017, save as disclosed below, the Company and the Board had been in compliance with the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules.

Under provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. During the period under review, Mr. Wong performed his duties as both the chairman and the chief executive officer of the Company. The Board believes that serving by the same individual as chairman and chief executive officer during the rapid development of the business is beneficial to the consistency of business plans and decision-making of the Company.

### AUDIT COMMITTEE

The Company established the Audit Committee on 6 January 2010 in compliance with Rule 3.21 of the Listing Rules. The Audit Committee comprises three independent non-executive Directors, with Mr. Ting Leung Huel Stephen as the chairman, Mr. Lu Hong Te and Mr. Dai Yiyi as members.

Mr. Ting Leung Huel Stephen, chairman of the Audit Committee, has considerable experience in accounting and financial management, which is in line with the requirement of Rule 3.10(2) of the Listing Rules which requires that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise.

During the period under review, the Audit Committee oversaw the entire financial reporting process, risk management and the internal control measures; and discussed the accounting principles and policies adopted by the Group together with the management. The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2017.

### DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

As disclosed in the announcement of the Company dated 4 January 2016, pursuant to an agreement (the “2016 Facility Agreement”) dated 4 January 2016 entered into by and among, inter alia, the Company as borrower, certain of its subsidiaries as original guarantors, and a syndicate of banks, the banks have agreed to grant to the Company an US\$400,000,000 term loan facility (the “2016 Facility”) to finance repayment of certain existing indebtedness of the Group.



## OTHER INFORMATION

The 2016 Facility is for a term of three years and six months commencing from the date on which the first utilisation of the 2016 Facility is made under the 2016 Facility Agreement, and is guaranteed by certain subsidiaries of the Company and secured by pledges over their capital stocks.

The 2016 Facility Agreement contains a requirement that Mr. Wong, a controlling shareholder of the Company and an executive Director, and his family members (together with Mr. Wong, the “Wong Family”), (a) must remain the single largest shareholder in the Company; (b) must hold legally and beneficially and directly or indirectly 40% or more of all classes of the Company’s voting share capital and/or must directly or indirectly control (as defined in the Code on Takeovers and Mergers) the Company; and (c) Mr. Wong or a member of the Wong Family must remain to be the chairman of the Board of the Company.

As at the date of this interim report, Mr. Wong and his associates own an aggregate of approximately 57.94% of the voting share capital of the Company.

### DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by Directors.

The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during the period under review.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the period.

### INTERIM DIVIDEND

The Board resolved to declare an interim dividend of HK6 cents per ordinary share for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil). The interim dividend will be payable on or about 9 October 2017 to shareholders whose names appear on the register of members of the Company on 11 September 2017.



## OTHER INFORMATION

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Monday, 11 September 2017, when no transfer of shares will be registered. In order to qualify for entitlement to the interim dividend for the six months ended 30 June 2017, all transfer documents should be lodged for registration with Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 8 September 2017.

By order of the Board

**Wong Chiu Yeung**

*Chairman*

Hong Kong, 16 August 2017

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
<b>REVENUE</b>	4	<b>8,166,170</b>	5,795,279
Cost of sales		(5,661,059)	(4,304,102)
Gross profit		<b>2,505,111</b>	1,491,177
Other income and gains	4	<b>46,268</b>	38,373
Changes in fair value of investment properties, net		<b>271,257</b>	140,820
Selling and marketing expenses		(267,627)	(130,008)
Administrative expenses		(377,303)	(152,924)
Other expenses		(118,747)	(129,454)
Finance costs	5	(203,152)	(132,241)
Share of profits and losses of:			
Joint ventures		<b>134,298</b>	200,711
Associates		(2,658)	(27)
<b>PROFIT BEFORE TAX</b>	6	<b>1,987,447</b>	1,326,427
Income tax expense	7	(776,712)	(442,755)
<b>PROFIT FOR THE PERIOD</b>		<b>1,210,735</b>	883,672
<b>OTHER COMPREHENSIVE INCOME/(LOSS):</b>			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income/(loss) of joint ventures		<b>18,201</b>	(12,774)
Share of other comprehensive income/(loss) of associates		<b>114</b>	(31)
Exchange differences on translation of foreign operations		<b>234,558</b>	(131,659)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>252,873</b>	(144,464)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,463,608</b>	739,208

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Note	Six months ended 30 June	
		2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Profit attributable to:			
Owners of the parent		1,013,530	630,675
Holders of perpetual capital instruments		25,356	19,167
Non-controlling interests		171,849	233,830
		<b>1,210,735</b>	883,672
Total comprehensive income attributable to:			
Owners of the parent		1,230,689	506,141
Holders of perpetual capital instruments		25,356	19,167
Non-controlling interests		207,563	213,900
		<b>1,463,608</b>	739,208
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
	9		
Basic		<b>RMB29.6 cents</b>	RMB18.4 cents
Diluted		<b>RMB29.3 cents</b>	RMB18.4 cents

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017



	Notes	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property and equipment	10	111,607	109,030
Investment properties		7,535,800	7,429,400
Prepaid land lease payments		6,365,951	7,328,897
Intangible asset		3,570	3,653
Properties under development	10	1,443,373	1,222,958
Contract in progress	10	362,391	366,824
Investments in joint ventures		2,363,689	1,290,028
Investments in associates		111,651	114,195
Available-for-sale investment		137,453	141,739
Derivative financial instruments		21,074	139,821
Prepayments and deposits		2,110,508	1,519,782
Deferred tax assets		292,156	247,971
Total non-current assets		20,859,223	19,914,298
<b>CURRENT ASSETS</b>			
Properties under development	10	19,107,403	14,798,538
Completed properties held for sale		4,879,675	4,572,534
Trade receivables	11	85,493	185,034
Prepayments, deposits and other receivables		2,803,244	1,596,669
Due from related parties		1,399,492	534,162
Prepaid income tax		789,396	630,879
Restricted cash		1,336,436	1,128,823
Pledged deposits		119,399	261,941
Cash and cash equivalents		11,987,958	7,211,994
Total current assets		42,508,496	30,920,574
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	12	2,423,182	2,595,347
Other payables and accruals		19,590,611	14,440,593
Interest-bearing bank and other borrowings	13	4,201,628	3,427,434
Due to related parties		2,030,147	1,567,671
Tax payable		1,068,025	854,664
Total current liabilities		29,313,593	22,885,709
<b>NET CURRENT ASSETS</b>		13,194,903	8,034,865
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		34,054,126	27,949,163

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017

	Notes	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>34,054,126</b>	27,949,163
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	13	10,723,151	8,992,952
Senior notes and domestic bonds	14	9,112,039	5,857,969
Deferred tax liabilities		1,020,161	993,847
Provision for major overhauls		35,705	32,564
Total non-current liabilities		<b>20,891,056</b>	15,877,332
Net assets		<b>13,163,070</b>	12,071,831
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	15	295,732	295,732
Reserves		8,853,254	8,112,085
<b>Perpetual capital instruments</b>		<b>9,148,986</b>	8,407,817
<b>Non-controlling interests</b>	16	<b>700,000</b>	900,000
		<b>3,314,084</b>	2,764,014
Total equity		<b>13,163,070</b>	12,071,831

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the parent													Total equity	
	Share		Statutory		Share		Exchange		Retained		Perpetual	Non-	Total		
	Issued capital	premium account	Capital reserve	surplus reserve	Merger reserve	Other reserves	option reserve	Hedging reserve	fluctuation reserve	profits	Total	capital instruments			controlling interests
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)			(Unaudited)
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2017	295,732	1,195,848*	(155,839)*	755,856*	30*	(70,676)*	2,833*	(44,811)*	(452,470)*	6,881,314*	8,407,817	900,000	2,764,014	12,071,831	
Profit for the period	-	-	-	-	-	-	-	-	-	1,013,530	1,013,530	25,356	171,849	1,210,735	
Other comprehensive income for the period:															
Share of other comprehensive income of joint ventures	-	-	-	-	-	18,201	-	-	-	-	18,201	-	-	18,201	
Share of other comprehensive income of associates	-	-	-	-	-	114	-	-	-	-	114	-	-	114	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	198,844	-	198,844	-	35,714	234,558	
Total comprehensive income for the period	-	-	-	-	-	18,315	-	-	198,844	1,013,530	1,230,689	25,356	207,563	1,463,608	
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	495,000	495,000	
Acquisition of non-controlling interests	-	-	(114,046)	-	-	-	-	-	-	-	(114,046)	-	(198,668)	(312,714)	
Acquisition of subsidiaries that are not a business	-	-	-	-	-	-	-	-	-	-	-	-	46,175	46,175	
Redemption of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	-	(200,000)	-	(200,000)	
Distribution to holders of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	-	(25,356)	-	(25,356)	
Final 2016 dividend approved	-	(429,439)	-	-	-	-	-	-	-	-	(429,439)	-	-	(429,439)	
Equity-settled share option arrangements	-	-	-	-	-	-	53,965	-	-	-	53,965	-	-	53,965	
At 30 June 2017	295,732	766,409*	(269,885)*	755,856*	30*	(52,361)*	56,798*	(44,811)*	(253,626)*	7,894,844*	9,148,986	700,000	3,314,084	13,163,070	

\* These reserve accounts comprise the consolidated reserves of RMB8,853,254,000 (31 December 2016: RMB8,112,085,000) in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the parent												Total equity	
	Issued capital	Share premium account	Capital reserve	Statutory surplus reserve	Merger reserve	Other reserves	Hedging reserve	Exchange fluctuation reserve	Retained profits	Total	Perpetual capital instruments	Non-controlling interests		
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)		(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000
At 1 January 2016	295,732	1,339,321	(110,322)	645,244	30	(31,744)	(44,811)	(85,662)	4,919,642	6,927,430	1,200,000	3,471,171	11,598,601	
Profit for the period	-	-	-	-	-	-	-	-	630,675	630,675	19,167	233,830	883,672	
Other comprehensive loss for the period:														
Share of other comprehensive loss of joint ventures	-	-	-	-	-	(12,774)	-	-	-	(12,774)	-	-	(12,774)	
Share of other comprehensive loss of associates	-	-	-	-	-	(31)	-	-	-	(31)	-	-	(31)	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(111,729)	-	(111,729)	-	(19,930)	(131,659)	
Total comprehensive income/(loss) for the period	-	-	-	-	-	(12,805)	-	(111,729)	630,675	506,141	19,167	213,900	739,208	
Acquisition of non-controlling interests	-	-	(16,024)	-	-	-	-	-	-	(16,024)	-	(151,186)	(167,210)	
Issuance of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	900,000	-	900,000	
Redemption of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	(1,200,000)	-	(1,200,000)	
Dividend paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(281,820)	(281,820)	
Distribution to holders of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	(19,167)	-	(19,167)	
Final 2015 dividend approved	-	(143,473)	-	-	-	-	-	-	-	(143,473)	-	-	(143,473)	
At 30 June 2016	295,732	1,195,848	(126,346)	645,244	30	(44,549)	(44,811)	(197,391)	5,550,317	7,274,074	900,000	3,252,065	11,426,139	

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from/(used in) operations		2,542,966	(787,939)
Interest received		16,715	15,538
Interest paid		(587,271)	(506,656)
PRC corporate income tax paid		(499,674)	(538,879)
PRC land appreciation tax paid		(232,621)	(253,037)
Net cash flows from/(used in) operating activities		1,240,115	(2,070,973)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property and equipment		(15,512)	(5,248)
Additions to investment properties		(110,143)	(92,380)
Acquisition of subsidiaries that are not a business		(1,046,051)	–
Investment in joint ventures		(1,069,290)	(12,500)
Increase in advances of loans to joint ventures and associates		(746,813)	(197,329)
Dividend from a joint venture		148,128	80,362
Increase in restricted cash		(207,613)	(251,099)
Decrease in pledged deposits		142,542	146,955
Other investing cash flows, net		(116,256)	10,809
Net cash flows used in investing activities		(3,021,008)	(320,430)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of senior notes		3,425,382	–
Issuance costs of senior notes		(42,206)	–
Redemption of senior notes		–	(2,380,829)
New bank and other borrowings		5,158,706	8,725,169
Repayment of bank and other borrowings		(2,563,030)	(2,558,482)
Capital contribution from non-controlling shareholders		495,000	–
Acquisition of non-controlling interests		–	(23,929)
Distribution to holders of perpetual capital instruments		(25,356)	(19,167)
Net proceed from issuance of perpetual capital instruments	16	–	900,000
Redemption of perpetual capital instruments	16	(200,000)	(1,200,000)
Dividend paid to non-controlling shareholders of a subsidiary		–	(281,820)
Other financing cash flows, net		310,476	1,154,339
Net cash flows from financing activities		6,558,972	4,315,281
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		4,778,079	1,923,878
Effect of foreign exchange rate changes, net		7,211,994	4,835,079
		(2,115)	21,123
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>			
		11,987,958	6,780,080
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		11,987,958	6,780,080



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

## 1. BASIS OF PREPARATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and whose shares are publicly traded on the Hong Kong Stock Exchange. The principal activities of the Group are described in note 3 to the unaudited interim condensed consolidated financial statements.

The unaudited interim condensed consolidated financial statements of the Group have 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 disclosure requirements of Appendix 16 of the Listing Rules.

The unaudited interim condensed consolidated financial statements do 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.

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in 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 Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosures requirements of the Hong Kong Companies Ordinance, except for the adoption of the revised HKFRSs as disclosed in note 2 below.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties, available-for-sale investment and derivative financial instruments, which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has fully assessed and adopted, to the extent that is relevant to the Group, the following revised HKFRSs for the first time for the current period's unaudited interim condensed consolidated financial statements.

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12	<i>Disclosures of Interests in other Entities</i>
included in Annual Improvements 2014–2016 Cycle	

The adoption of the revised HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these unaudited interim condensed consolidated financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

## 3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the businesses of property development, property investment, property management, land development and project management. For management purposes, the property development and property investment businesses are monitored as one operating segment on a project basis to allocate resources and assess performance. For financial reporting purposes, the property management segment, land development segment and project management segment are combined with the property development and investment segment as its reported revenue, reported results and assets are less than 10% of the consolidated revenue, consolidated profit and consolidated assets of the Group.

The Group's revenue from external customers from each product or service is set out in note 4 to the unaudited interim condensed consolidated financial statements.

The Group's revenue from external customers is derived solely from its operations in the PRC, and the non-current assets of the Group are substantially located in the PRC.

During the period, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

## 4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue, other income and gains is as follows:

	Six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
<b>Revenue</b>		
Sales of properties	7,971,375	5,600,820
Gross rental income	60,647	60,473
Property management fees	124,942	71,995
Project management income	9,206	61,991
	<b>8,166,170</b>	<b>5,795,279</b>
<b>Other income and gains</b>		
Bank interest income	16,715	15,538
Gain on disposal of investment properties	–	536
Gain on disposal of items of property and equipment, net	1,239	634
Others	28,314	21,665
	<b>46,268</b>	<b>38,373</b>

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Interest on bank and other borrowings, senior notes and domestic bonds	763,793	580,656
Increase in a discounted amount of provision for major overhauls arising from the passage of time	870	730
Total interest expense on financial liabilities not at fair value through profit or loss	764,663	581,386
Less: Interest capitalised	(561,511)	(449,145)
	<b>203,152</b>	<b>132,241</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

## 6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Cost of properties sold	5,538,962	4,209,371
Cost of services provided	122,014	94,648
Depreciation	11,918	12,177
Amortisation of land lease payments	10,696	10,843
Amortisation of an intangible asset	83	83
Employee benefit expenses (including directors' remuneration):		
Salaries and other staff costs	154,085	98,654
Equity-settled share option expenses	53,965	–
Pension scheme contributions	21,835	13,784
Less: Amount capitalised	(63,793)	(48,529)
	<b>166,092</b>	63,909
Foreign exchange differences, net	82,286	18,787
Fair value loss of derivative financial instruments — transactions not qualifying as hedges*	118,747	–
Premium paid on early redemption of senior notes*	–	129,454
Gain on disposal of investment properties	–	(536)
Gain on disposal of items of property and equipment, net	(1,239)	(634)

\* These items are included in "Other expenses" on the face of the consolidated statement of profit or loss and other comprehensive income of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

## 7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2016: Nil). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	Six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Current charge for the period:		
PRC corporate income tax	588,514	276,079
PRC land appreciation tax	205,185	187,929
Overprovision in prior years, net:		
Mainland China	(6,560)	(68,727)
	<b>787,139</b>	395,281
Deferred	(10,427)	47,474
Total tax charge for the period	<b>776,712</b>	442,755

During the six months ended 30 June 2017, the share of tax charge attributable to joint ventures amounting to RMB55,460,000 (six months ended 30 June 2016: RMB63,638,000) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss and other comprehensive income.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

## 8. DIVIDENDS

	Six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Interim — HK6 cents (six months ended 30 June 2016: Nil per ordinary share)	178,480	—

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 3,423,840,000 (six months ended 30 June 2016: 3,423,840,000) in issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to owners of the parent, and the weighted average number of ordinary shares. 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, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all the dilutive potential ordinary shares into ordinary shares.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

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

	Six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
<b>Earnings</b>		
Profit attributable to owners of the parent used in the basic and diluted earnings per share calculations	1,013,530	630,675
	Number of shares Six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	3,423,840,000	3,423,840,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	41,203,103	—
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	3,465,043,103	3,423,840,000

## 10. ADDITIONS TO PROPERTY AND EQUIPMENT, PROPERTIES UNDER DEVELOPMENT AND CONTRACT IN PROGRESS

During the six months ended 30 June 2017, the Group incurred approximately RMB15,517,000 (six months ended 30 June 2016: RMB5,248,000) on the acquisition of items of property and equipment.

During the six months ended 30 June 2017, the Group incurred approximately RMB3,615,334,000 (six months ended 30 June 2016: RMB2,605,359,000) and approximately RMB24,429,000 (six months ended 30 June 2016: RMB23,261,000) on the additions to properties under development and contract in progress, respectively.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

## 11. TRADE RECEIVABLES

The Group's trade receivables arise from the sales of properties, leasing of investment properties and provision of property management services.

Consideration in respect of properties is payable by the purchasers in accordance with the terms of the related sale and purchase agreements. The Group normally requires its customers to make payment of monthly/quarterly charges in advance in relation to the leasing of investment properties and provision of property management services. The Group generally grants a rent-free period for three months to the lessees of the Group's investment properties, extending up to six months for major customers.

Since the Group's trade receivables are related to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. All trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the revenue recognition date and invoice date, is as follows:

	<b>30 June 2017 (Unaudited) RMB'000</b>	<b>31 December 2016 (Audited) RMB'000</b>
Current to 90 days	<b>31,159</b>	123,435
91 to 180 days	<b>1,453</b>	3,306
181 to 365 days	<b>8,242</b>	54,030
Over 365 days	<b>44,639</b>	4,263
	<b>85,493</b>	185,034

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

## 11. TRADE RECEIVABLES *(Continued)*

The aged analysis of the trade receivables that are not considered to be impaired as at the end of the reporting period is as follows:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Neither past due nor impaired	72,167	176,520
1 to 6 months past due	6,323	3,305
7 to 12 months past due	2,497	946
Over 1 year past due	4,506	4,263
	<b>85,493</b>	<b>185,034</b>

## 12. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Within 1 year	2,036,608	2,540,470
Over 1 year	386,574	54,877
	<b>2,423,182</b>	<b>2,595,347</b>

The trade and bills payables are non-interest-bearing and repayable within the normal operating cycle or on demand.

As at 30 June 2017, certain bills payable of the Group with an aggregate amount of RMB300,284,000 (31 December 2016: RMB325,417,000) were secured by certain bank deposits of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

## 13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2017 (Unaudited)			31 December 2016 (Audited)		
	Contractual interest rate (%) per annum	Maturity	RMB'000	Contractual interest rate (%) per annum	Maturity	RMB'000
<b>Current</b>						
Bank loans — secured	3.84–5.94	2018	1,222,840	2.50–6.00	2017	1,520,305
Bank loans — unsecured	2.07–2.83	2017	268,788	2.29–2.35	2017	277,169
Current portion of long term bank loans — secured	4.35–4.80	2018	710,000	4.80–5.46	2017	1,165,960
Other loans — secured	6.80–7.75	2017	2,000,000	5.83–8.50	2017	464,000
			4,201,628			3,427,434
<b>Non-current</b>						
Bank loans — secured	4.35–5.94	2018–2027	4,659,451	4.80–5.94	2018–2019	4,766,952
Other loans — secured	4.75–8.75	2018–2020	6,063,700	4.75–8.50	2018–2019	4,226,000
			10,723,151			8,992,952
			14,924,779			12,420,386

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

## 13. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	2,201,628	2,963,434
In the second year	1,646,160	1,836,222
In the third to fifth years, inclusive	2,865,971	2,930,730
Beyond fifth years	147,320	–
	<b>6,861,079</b>	7,730,386
Other borrowings repayable:		
Within one year	2,000,000	464,000
In the second year	4,863,700	1,226,000
In the third to fifth years, inclusive	1,200,000	3,000,000
	<b>8,063,700</b>	4,690,000
	<b>14,924,779</b>	12,420,386

Notes:

- (a) Certain of the Group's bank and other borrowings are secured by the Group's bank deposits, property and equipment, investment properties, prepaid land lease payments, properties under development and completed properties held for sale, details of which are disclosed in note 19 to the unaudited interim condensed consolidated financial statements.
- (b) As at 30 June 2017, certain of the Group's bank and other borrowings with an aggregate amount of RMB4,850,071,000 (31 December 2016: RMB3,833,292,000) were secured by share charges in respect of the equity interests of certain subsidiaries of the Group.
- (c) Except for certain bank and other borrowings of RMB103,823,000 (31 December 2016: RMB113,025,000) and RMB2,825,336,000 (31 December 2016: RMB2,903,401,000) as at 30 June 2017, which were denominated in HK\$ and US\$, respectively, all of the Group's bank and other borrowings were denominated in RMB.
- (d) At the end of the reporting period, except for certain bank and other borrowings of RMB7,878,120,000 (31 December 2016: RMB5,175,000,000), the interest rates of which were fixed in nature, all of the Group's bank and other borrowings bear interest at floating interest rates.
- (e) As at 30 June 2017, the Group's bank and other borrowings of RMB2,660,371,000 (31 December 2016: RMB2,733,292,000) were secured by a specific performance obligation imposed on Wong Family and pursuant to which (i) the Wong Family must remain the single largest shareholder in the Company; (ii) the Wong Family must hold legally and beneficially and directly or indirectly 40% or more of all classes of the Company's voting share capital and/or must directly or indirectly control the Company; and (iii) Mr. Wong or a member of the Wong Family must remain to be the chairman of the Board of the Company.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

## 14. SENIOR NOTES AND DOMESTIC BONDS

	30 June 2017 (Unaudited)				31 December 2016 (Audited)			
	Principal at original currency 'million	Contractual interest rate (%) per annum	Maturity	RMB'000	Principal at original currency 'million	Contractual interest rate (%) per annum	Maturity	RMB'000
2015 Senior Notes	US\$350	10.00	2020	2,320,299	US\$350	10.00	2020	2,387,676
2017 Senior Notes	US\$500	5.875	2022	3,318,726	-	-	-	-
Domestic Bonds	RMB3,500	5.18-5.30	2020	3,473,014	RMB3,500	5.18-5.30	2020	3,470,293
				9,112,039				5,857,969

The Company, at its option, can redeem all or a portion of the 2015 Senior Notes and the 2017 Senior Notes at any time prior to the maturity date at the redemption price (principal amount plus applicable premium) plus accrued and unpaid interest up to the redemption date, as set forth in the written agreements between the Company and the trustees of the 2015 Senior Notes and the 2017 Senior Notes.

The 2015 Senior Notes and the 2017 Senior Notes are secured by pledges over the equity interests of certain subsidiaries of the Company.

In March and April 2017, the Group issued senior notes at coupon rate of 5.875% due 2022 in the aggregate principal amount of US\$500,000,000. The Group raised net proceeds of US\$492,272,000 (after deduction of underwriting discount and commissions and other expenses).

At 30 June 2017, the fair values for the 2015 Senior Notes, the 2017 Senior Notes and the Domestic Bonds amounted to RMB2,563,832,000 (31 December 2016: RMB2,674,546,000), RMB3,230,225,000 (31 December 2016: Nil) and RMB3,453,500,000 (31 December 2016: RMB3,569,000,000), respectively.

The fair values of the 2015 Senior Notes, the 2017 Senior Notes and the Domestic Bonds are based on price quotations from financial institution at the reporting date.

The fair values of the early redemption options of the 2015 Senior Notes and the 2017 Senior Notes were not significant and were therefore not recognised by the Group on inception and at 30 June 2017.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

## 15. SHARE CAPITAL

### Shares

	30 June 2017 (Unaudited) HK\$	31 December 2016 (Audited) HK\$
Authorised: 10,000,000,000 ordinary shares of HK\$0.10 each	1,000,000,000	1,000,000,000
Issued and fully paid: 3,423,840,000 ordinary shares of HK\$0.10 each	342,384,000	342,384,000
Equivalent to RMB'000	295,732	295,732

## 16. PERPETUAL CAPITAL INSTRUMENTS

	RMB'000
Carrying amount at 31 December 2015 (Audited) and 1 January 2016	1,200,000
Issuance of perpetual capital instruments	900,000
Redemption of perpetual capital instruments	(1,200,000)
Carrying amount at 31 December 2016 (Audited) and 1 January 2017	900,000
Redemption of perpetual capital instruments	(200,000)
Carrying amount at 30 June 2017 (Unaudited)	700,000

The perpetual capital instruments are jointly guaranteed by the Company and certain subsidiaries, secured by pledged of the shares of the subsidiaries. There is no maturity of the instruments and the payments of distribution can be deferred at the discretion of the issuers of the perpetual capital instruments.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

## 17. FINANCIAL GUARANTEES

- (a) At the end of the reporting period, the Group had financial guarantees which are not provided for in these unaudited interim condensed consolidated financial statements as follows:

	<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties (notes)	<b>11,781,029</b>	11,845,901

Notes:

- (i) As at 30 June 2017, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any auction proceeds as described below.

Pursuant to the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, in the event of default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction. The Group is responsible for repaying the banks when the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

- (ii) The fair value of the guarantees is not significant and the directors of the Company consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties and therefore no provision has been made in these unaudited interim condensed consolidated financial statements for the guarantees.

In addition, the Group's share of the joint ventures' own financial guarantees, which are not included in the above, is as follows:

	<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the joint ventures' properties	<b>608,169</b>	238,418

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

## 17. FINANCIAL GUARANTEES *(Continued)*

- (b) At the end of the reporting period, contingent liabilities not provided for in these unaudited interim condensed consolidated financial statements is as follows:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Guarantee given to a bank in connection with a loan facility granted to a joint venture	1,000,000	1,000,000

As at 30 June 2017, the loan facility guaranteed by the Group to a joint venture was utilised to the extent of RMB731,000,000 (31 December 2016: RMB731,000,000).

## 18. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Contracted, but not provided for: Capital expenditure for properties under development, prepaid land lease payments and construction of investment properties in Mainland China	6,547,627	10,316,388

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Contracted, but not provided for: Capital expenditure for joint ventures' properties under development and construction of investment properties in Mainland China	129,554	213,796

At the end of the reporting period, the Group did not have any significant commitments.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 19. PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group were pledged to secure certain bank and other borrowings granted to the Group:

	<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
Bank deposits	119,399	261,941
Property and equipment	67,630	71,821
Investment properties	2,528,500	2,708,900
Prepaid land lease payments	6,280,261	5,942,152
Properties under development	11,688,135	9,545,183
Completed properties held for sale	138,815	337,132
	<b>20,822,740</b>	<b>18,867,129</b>

## 20. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the period:

	Notes	<b>Six months ended 30 June</b>	
		<b>2017 (Unaudited) RMB'000</b>	2016 (Unaudited) RMB'000
Rental income from companies controlled by the Wong Family	(i)	3,773	1,380
Property management fees from companies controlled by Mr. Wong	(ii)	2,433	944
Project management income received from a joint venture	(iii)	9,206	61,991
Aircraft leasing expense paid to a company controlled by Mr. Wong	(iv)	2,057	–

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 20. RELATED PARTY TRANSACTIONS *(Continued)*

(a) (Continued)

Notes:

- (i) The rental income was charged at rates ranging from RMB13 to RMB174 (six months ended 30 June 2016: from RMB33 to RMB174) per square metre.
- (ii) The property management fees were charged at rates ranging from RMB13 to RMB60 (six months ended 30 June 2016: from RMB13 to RMB25) per square metre.
- (iii) The project management income was charged with reference to the contracted sales amount and certain costs incurred on a property development project.
- (iv) The leasing expense was charged at US\$50,000 per month.

(b) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Short term employee benefits	3,606	3,672
Post-employment benefits	47	58
<b>Total compensation paid to key management personnel</b>	<b>3,653</b>	<b>3,730</b>

In the opinion of the directors, the directors of the Company represent the key management personnel of the Group.

Transactions of items (a)(i), (a)(ii) and (a)(iv) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments classified as current assets and liabilities are reasonably approximate to their fair values largely due to the short term maturity of these instruments.

The fair values of the non-current portion of deposits and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2017 was assessed to be insignificant.

The derivative financial instruments are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

The fair value of the unlisted available-for-sale equity investments is estimated by using prices from recent transaction without adjustment.

During the period, there were no transfer of fair value measurements between level 1 and level 2 and no transfer into or out of level 3 for both financial assets and financial liabilities.

## 22. ACQUISITION OF SUBSIDIARIES THAT ARE NOT A BUSINESS

During the six months ended 30 June 2017, the Group acquired certain subsidiaries in the PRC at consideration totalling RMB1,128,418,000. These subsidiaries only held parcels of land and did not conduct any substantial operation before they were acquired by the Group. These acquisitions were accounted for by the Group as acquisition of assets, as the operations of these subsidiaries do not constitute a business. These acquisitions resulted in increase in the non-controlling interests of the Group totalling RMB46,175,000.

## 23. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation.

## 24. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements were approved by the Board of the Company on 16 August 2017.