*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

# GREENLAND HONG KONG HOLDINGS LIMITED
# 綠地香港控股有限公司

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

**(Stock Code: 337)**

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

**USD450 million 3.875 per cent. Notes due 2019**
**(Stock Code: 5691)**

**USD200 million 7.875 per cent. Bonds due 2019**
**(Stock Code: 5121)**

**HIGHLIGHTS**

- Profit for the period attributable to owners of Greenland Hong Kong Holdings Limited (the "Company") was approximately RMB332 million, representing a year-on-year increase of 46%
- Core net profit[(1)] for the period was approximately RMB213 million, representing a year-on-year increase of 267%
- Gross profit margin for the period rose to 24% from 21% for the same period last year
- Basic and diluted earnings per share for the period increased by 57% to approximately RMB0.11
- In 1H2018, 8 pieces of lands acquired with a total GFA of approximately 4.95 million square meters in 7 cities
- Average financing cost remains stable at approximately 4.7% as at 30 June 2018

(1) It represents profit and total comprehensive income for the period excluding the post-tax gains arising from fair value changes on investment properties, net exchange gains/losses and net loss on disposal of financial derivatives.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
*FOR THE SIX MONTHS ENDED 30 JUNE 2018*

| | Notes | Six months ended 30 June **2018** *RMB'000* (Unaudited) | 2017 *RMB'000* (Unaudited) |
|---|---|---|---|
| Revenue | 3 | **5,301,961** | 4,754,481 |
| Cost of sales | | **(4,053,993)** | (3,760,720) |
| Gross profit | | **1,247,968** | 993,761 |
| Other income, gains and losses | 4 | **(258,460)** | 189,098 |
| Selling and marketing expenses | | **(308,190)** | (252,830) |
| Administrative expenses | | **(281,449)** | (238,607) |
| Other operating expenses | | **(18,384)** | (3,924) |
| Gain on disposal of a subsidiary | | **–** | 72,063 |
| Fair value changes on investment properties | 9 | **677,144** | 237,485 |
| Write-down of completed properties held for sale | | **–** | (38,029) |
| Finance income | | **24,101** | 23,974 |
| Finance costs | 5 | **(132,742)** | (57,440) |
| Share of losses of associates | | **(1,302)** | (179) |
| Share of profits of joint ventures | | **18,239** | 1,048 |
| Profit before income tax | | **966,925** | 926,420 |
| Income tax expense | 6 | **(504,299)** | (515,117) |
| Profit and total comprehensive income for the period | | **462,626** | 411,303 |
| Attributable to: | | | |
| Owners of the Company | | **331,821** | 227,077 |
| Non-controlling interests | | **130,805** | 184,226 |
| | | **462,626** | 411,303 |
| **Earnings per share:** | | | |
| Basic and diluted | 8 | **RMB0.11** | RMB0.07 |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*AS AT 30 JUNE 2018*

| | Notes | As at 30 June 2018 RMB'000 (Unaudited) | As at 31 December 2017 RMB'000 (Audited) |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **1,198,322** | 1,228,459 |
| Intangible assets | | **1,274** | 1,296 |
| Prepaid lease payment | | **67,988** | 24,042 |
| Equity instruments at fair value through other comprehensive income | | **182,000** | – |
| Other financial assets | | **–** | 174,567 |
| Investment properties | *9* | **10,190,000** | 9,082,000 |
| Properties under development | | **14,049,813** | 14,976,268 |
| Interests in associates | | **197,493** | 6,084 |
| Interests in joint ventures | | **704,653** | 686,413 |
| Deferred tax assets | | **1,029,988** | 817,628 |
| Total non-current assets | | **27,621,531** | 26,996,757 |
| **CURRENT ASSETS** | | | |
| Properties under development | | **16,477,318** | 8,945,329 |
| Completed properties held for sale | | **8,910,376** | 11,669,969 |
| Tax recoverable | | **1,018,632** | 712,849 |
| Trade and other receivables, deposits and prepayments | *10* | **26,025,708** | 12,568,170 |
| Contract costs | | **58,471** | – |
| Restricted bank deposits | | **4,476,209** | 2,401,495 |
| Bank balance and cash | | **2,577,216** | 5,455,227 |
| Total current assets | | **59,543,930** | 41,753,039 |
| **Total assets** | | **87,165,461** | 68,749,796 |
| **EQUITY** | | | |
| Share capital | | **1,132,855** | 1,132,855 |
| Share premium | | **3,416,546** | 3,416,546 |
| Reserves | | **966,063** | 961,894 |
| Perpetual securities | *13* | **787,823** | 787,823 |
| Retained earnings | | **3,482,379** | 3,560,011 |
| **Total equity attributable to owners of the Company** | | **9,785,666** | 9,859,129 |
| Non-controlling interests | | **2,492,452** | 1,725,761 |
| **Total equity** | | **12,278,118** | 11,584,890 |

| | Notes | As at 30 June 2018 RMB'000 (Unaudited) | As at 31 December 2017 RMB'000 (Audited) |
|---|---|---|---|
| **NON-CURRENT LIABILITIES** | | | |
| Interest-bearing loans | | **9,864,677** | 9,081,312 |
| Bonds | *12* | **2,962,609** | 2,919,171 |
| Deferred tax liabilities | | **1,705,775** | 957,999 |
| Total non-current liabilities | | **14,533,061** | 12,958,482 |
| **CURRENT LIABILITIES** | | | |
| Interest-bearing loans | | **3,068,741** | 1,480,500 |
| Trade and other payables | *11* | **24,973,782** | 16,948,717 |
| Contract liabilities | | **27,101,342** | – |
| Pre-sale deposits | | **–** | 19,782,530 |
| Tax payable | | **1,244,830** | 1,787,012 |
| Bonds within one year | *12* | **3,965,587** | 4,109,487 |
| Other financial liabilities | | **–** | 98,178 |
| Total current liabilities | | **60,354,282** | 44,206,424 |
| **Total liabilities** | | **74,887,343** | 57,164,906 |
| **Total equity and liabilities** | | **87,165,461** | 68,749,796 |
| **Net current liabilities** | | **(810,352)** | (2,453,385) |
| **Total assets exceed current liabilities** | | **26,811,179** | 24,543,372 |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*FOR THE SIX MONTHS ENDED 30 JUNE 2018*

### 1. BASIS OF PREPARATION

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

As of 30 June 2018, Greenland Hong Kong Holdings Limited and its subsidiaries' (collectively referred to as the "Group") net current liabilities are approximately RMB810,352,000. The directors consider the Group is able to operate as a going concern, taken into account the cash flows generated from operating activities, and undrawn loan facilities from banks amounting to RMB1,813,293,000 to meet its liquidity requirements in the next twelve months. The condensed consolidated financial statements have been prepared on the basis that the Group will continue to operate throughout the next twelve months as a going concern.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

**Application of new and amendments to IFRS**

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

| | |
|---|---|
| IFRS 9 | Financial Instruments |
| IFRS 15 | Revenue from Contracts with Customers and the related Amendments |
| IFRIC-Int 22 | Foreign Currency Transactions and Advance Consideration |
| Amendments to IFRS 2 | Classification and Measurement of Share-based Payment Transactions |
| Amendments to IFRS 4 | Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts |
| Amendments to IAS 28 | As part of the Annual Improvements to IFRSs 2014-2016 Cycle |
| Amendments to IAS 40 | Transfers of Investment Property |

The new and amendments to IFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

### 2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 for the first time in the current interim period. IFRS 15 superseded IAS 18 *Revenue* and the related interpretations.

The Group has applied IFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 *Revenue* and the related interpretations.

***Summary of effects arising from initial application of IFRS 15***

The following table summarises the impact of transition to IFRS 15 on retained earnings at 1 January 2018:

| | **Impact of adopting IFRS 15 at 1 January 2018** *RMB'000* |
|---|---|
| **Retained earnings** | |
| Recognition of significant financing component | (55,483) |
| Recognition of contract costs | 22,004 |
| Tax effect | 8,370 |
| Impact at 1 January 2018 | (25,109) |

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

| | Carrying amounts previously reported at 31 December 2017 | Reclassification | Remeasurement | Carrying amounts under IFRS 15 at 1 January 2018 |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current Assets** | | | | |
| Deferred tax assets | 817,628 | – | 13,871 | 831,499 |
| **Current Assets** | | | | |
| Properties under development | 8,945,329 | – | 904,567 | 9,849,896 |
| Contract costs | – | – | 24,410 | 24,410 |
| **Capital and Reserves** | | | | |
| Retained earnings | 3,560,011 | – | (25,109) | 3,534,902 |
| Non-controlling interests | 1,725,761 | – | 1,804 | 1,727,565 |
| **Non-current Liabilities** | | | | |
| Deferred tax liabilities | 957,999 | – | 6,103 | 964,102 |
| **Current Liabilities** | | | | |
| Per-sale deposits | 19,782,530 | (19,782,530) | – | – |
| Contract liabilities | – | 19,782,530 | 960,050 | 20,742,580 |

The following tables summarise the impacts of applying IFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 and its condensed consolidated statement of profit or loss and other comprehensive income for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

**Impact on the condensed consolidated statement of financial position**

| | As reported | Adjustment | Amounts without application of IFRS 15 |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current Assets** | | | |
| Deferred tax assets | 1,029,988 | (16,636) | 1,013,352 |
| **Current Assets** | | | |
| Properties under development | 16,477,318 | (806,810) | 15,670,508 |
| Contract costs | 58,471 | (58,471) | – |
| **Capital and reserves** | | | |
| Retained earnings | 3,482,379 | 7,611 | 3,489,990 |
| Non-controlling interests | 2,492,452 | (1,558) | 2,490,894 |
| **Non-current Liabilities** | | | |
| Deferred tax liabilities | 1,705,775 | (14,618) | 1,691,157 |
| **Current Liabilities** | | | |
| Per-sale deposits | – | 26,227,990 | 26,227,990 |
| Contract liabilities | 27,101,342 | (27,101,342) | – |

**Impact on the condensed consolidated statement of profit and loss and other comprehensive income**

| | As reported<br>*RMB'000* | Adjustment<br>*RMB'000* | Amounts without application of IFRS 15<br>*RMB'000* |
|---|---|---|---|
| Revenue | 5,301,961 | (224,922) | 5,077,039 |
| Cost of sales | 4,053,993 | (203,207) | 3,850,786 |
| Selling and marketing expenses | 308,190 | 34,061 | 342,251 |
| Finance costs | 132,742 | (32,774) | 99,968 |
| **Profit before income tax** | 966,925 | (23,002) | 943,923 |
| Income tax expense | 504,299 | (5,750) | 498,549 |
| **Profit and total comprehensive income for the period** | 462,626 | (17,252) | 445,374 |
| Attributable to: | | | |
| Owners of the Company | 331,821 | (17,498) | 314,323 |
| Non-controlling interests | 130,805 | 246 | 131,051 |

**2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments**

In the current period, the Group has applied IFRS 9 Financial Instruments and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and financial guarantee contracts and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 Financial Instruments: Recognition and Measurement.

***Summary of effects arising from initial application of IFRS 9***

The table below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018.

| | **Available-for-sale investments** | **Equity instruments at FVTOCI** | **Amortised cost (previously classified as loans and receivables)** | **Financial liabilities at FVTPL** | **Other financial liabilities** | **Deferred tax assets** | **Deferred tax liabilities** | **FVTOCI reserve** | **Retained earnings** |
|---|---|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Closing balance at 31 December 2017 – IAS 39 | 174,567 | – | 12,568,170 | – | 98,178 | 817,628 | 957,999 | – | 3,560,011 |
| Effect arising from initial application of IFRS 9: | | | | | | | | | |
| Reclassification | | | | | | | | | |
| From available-for-sale investments | (174,567) | 174,567 | – | – | – | – | – | – | – |
| From other financial liabilities | – | – | – | 98,178 | (98,178) | – | – | – | – |
| Remeasurement | | | | | | | | | |
| From cost to fair value | – | 7,433 | – | – | – | – | 1,858 | 5,575 | – |
| Impairment under ECL model | – | – | (27,544) | – | – | 6,886 | – | – | (20,658) |
| Opening balance at 1 January 2018 | – | 182,000 | 12,540,626 | 98,178 | – | 824,514 | 959,857 | 5,575 | 3,539,353 |

All loss allowances for financial assets including trade receivables and other non-trade receivables as at 31 December 2017 reconcile to the opening loss allowance as at 1 January 2018 is as follows:

| | **Trade receivables** | **Other non-trade receivables** |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| At 31 December 2017 – IAS 39 | 25,735 | 43,400 |
| Amounts remeasured through opening retained earnings | 10,758 | 16,786 |
| At 1 January 2018 | 36,493 | 60,186 |

**2.3 Impacts and changes in accounting policies of application on Amendments to IAS 40 Transfers of Investment Property**

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

At the date of initial application, the Group assessed the classification of certain properties based on conditions existed at that date, there is no impact to the classification at 1 January 2018.

Except as described above, the application of other amendments to IFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements

**2.4 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards**

As a result of the changes in the entity's accounting policies above, the opening condensed consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each individual line item.

| | **31 December 2017** *RMB'000* (Audited) | **IFRS 15** *RMB'000* | **IFRS 9** *RMB'000* | **1 January 2018** *RMB'000* (Restated) |
|---|---|---|---|---|
| **Non-current Assets** | | | | |
| Equity instruments at FVTOCI | – | – | 182,000 | 182,000 |
| Other financial assets | 174,567 | – | (174,567) | – |
| Deferred tax assets | 817,628 | 13,871 | 6,886 | 838,385 |
| Others with no adjustments | 26,004,562 | – | – | 26,004,562 |
| | 26,996,757 | 13,871 | 14,319 | 27,024,947 |
| **Current Assets** | | | | |
| Properties under development | 8,945,329 | 904,567 | – | 9,849,896 |
| Contract costs | – | 24,410 | – | 24,410 |
| Trade and other receivables | 12,568,170 | – | (27,544) | 12,540,626 |
| Others with no adjustments | 20,239,540 | – | – | 20,239,540 |
| | 41,753,039 | 928,977 | (27,544) | 42,654,472 |
| **Total assets** | **68,749,796** | **942,848** | **(13,225)** | **69,679,419** |
| Equity | | | | |
| Reserves | 961,894 | – | 5,575 | 967,469 |
| Retained earnings | 3,560,011 | (25,109) | (20,658) | 3,514,244 |
| Non-controlling interests | 1,725,761 | 1,804 | – | 1,727,565 |
| Others with no adjustments | 5,337,224 | – | – | 5,337,224 |
| | 11,584,890 | (23,305) | (15,083) | 11,546,502 |

| | 31 December 2017 | IFRS 15 | IFRS 9 | 1 January 2018 |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | (Audited) | | | (Restated) |
| **Non-current Liabilities** | | | | |
| Deferred tax liabilities | 957,999 | 6,103 | 1,858 | 965,960 |
| Others with no adjustments | 12,000,483 | – | – | 12,000,483 |
| | 12,958,482 | 6,103 | 1,858 | 12,966,443 |
| **Current Liabilities** | | | | |
| Pre-sale deposits | 19,782,530 | (19,782,530) | – | – |
| Contract liabilities | – | 20,742,580 | – | 20,742,580 |
| Financial liabilities at FVTPL | – | – | 98,178 | 98,178 |
| Other financial liabilities | 98,178 | – | (98,178) | – |
| Others with no adjustments | 24,325,716 | – | – | 24,325,716 |
| | 44,206,424 | 960,050 | – | 45,166,474 |
| **Total liabilities** | **57,164,906** | **966,153** | **1,858** | **58,132,917** |
| **Total equity and liabilities** | **68,749,796** | **942,848** | **(13,225)** | **69,679,419** |
| **Net current liabilities** | **(2,453,385)** | **(31,073)** | **(27,544)** | **(2,512,002)** |
| **Total assets exceed current liabilities** | **24,543,372** | **(17,202)** | **(13,225)** | **24,512,945** |

## 3. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue from its major products and services is as follows:

| | **Six months ended 30 June 2018** | | |
|---|---|---|---|
| | **Revenue recognised at a point in time** | **Revenue recognised over time** | **Total** |
| | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** |
| **Type of goods and service under IFRS 15** | | | |
| Sales of properties | **4,990,433** | **–** | **4,990,433** |
| Hotel and other related service | **–** | **61,755** | **61,755** |
| Property management and other related service | **–** | **227,092** | **227,092** |
| | **4,990,433** | **288,847** | **5,279,280** |
| **Lease of properties** | | | **22,681** |
| | | | **5,301,961** |

| | Six months ended 30 June 2017 | | |
|---|---|---|---|
| | Revenue recognised at a point in time | Revenue recognised over time | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Type of goods and service under IFRS 15** | | | |
| Sales of properties | 4,513,369 | – | 4,513,369 |
| Hotel and other related service | – | 62,748 | 62,748 |
| Property management and other related service | – | 158,348 | 158,348 |
| | 4,513,369 | 221,096 | 4,734,465 |
| **Lease of properties** | | | 20,016 |
| | | | 4,754,481 |

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segments:

| | Sales of properties *RMB'000* | Lease of properties *RMB'000* | Hotel and other related services *RMB'000* | Property management and other related services *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|
| **For the six months ended 30 June 2018 (unaudited)** | | | | | |
| Revenue from external customers | **4,990,433** | **22,681** | **61,755** | **227,092** | **5,301,961** |
| Inter-segment revenue | **–** | **–** | **–** | **133,032** | **133,032** |
| Reportable segment revenue | **4,990,433** | **22,681** | **61,755** | **360,124** | **5,434,993** |
| Reportable segment profit before income tax | **510,807** | **694,572** | **1,599** | **6,675** | **1,213,653** |
| As at 30 June 2018 (unaudited) | | | | | |
| Reportable segment assets | **75,510,932** | **10,190,000** | **1,035,720** | **1,795,480** | **88,532,132** |
| Reportable segment liabilities | **60,305,405** | **6,213,415** | **595,598** | **1,000,607** | **68,115,025** |
| For the six months ended 30 June 2017 (unaudited) | | | | | |
| Revenue from external customers | 4,513,369 | 20,016 | 62,748 | 158,348 | 4,754,481 |
| Inter-segment revenue | – | – | – | 34,676 | 34,676 |
| Reportable segment revenue | 4,513,369 | 20,016 | 62,748 | 193,024 | 4,789,157 |
| Reportable segment profit (loss) before income tax | 533,566 | 81,848 | (2,492) | 48,779 | 661,701 |
| As at 31 December 2017 (audited) | | | | | |
| Reportable segment assets | 61,721,097 | 9,082,000 | 839,987 | 1,824,027 | 73,467,111 |
| Reportable segment liabilities | 47,661,577 | 4,813,692 | 410,840 | 971,918 | 53,858,027 |

Reconciliations of reportable segment revenue, results are as follow:

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **Revenue** | | |
| Reportable segment revenue | **5,434,993** | 4,789,157 |
| Elimination of inter-segment revenue | **(133,032)** | (34,676) |
| Consolidated revenue | **5,301,961** | 4,754,481 |
| **Profit** | | |
| Reportable segment profit before income tax | **1,213,652** | 661,701 |
| Unallocated expenses | **(3,463)** | (3,924) |
| Net foreign exchange gains (losses) | **(243,264)** | 268,643 |
| **Consolidated profit before income tax** | **966,925** | 926,420 |

Reconciliation of reportable segment assets and liabilities are as follow:

| | **As at 30 June 2018** | As at 31 December 2017 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) |
| **Assets** | | |
| Reportable segment assets | **88,532,132** | 73,467,111 |
| Elimination of inter-segment receivables | **(371,135)** | (3,721,779) |
| Elimination of inter-segment investments | **(995,536)** | (995,536) |
| **Consolidated total assets** | **87,165,461** | 68,749,796 |
| **Liabilities** | | |
| Reportable segment liabilities | **68,115,025** | 53,858,027 |
| Elimination of inter-segment payables | **(371,135)** | (3,721,779) |
| Bonds | **7,143,453** | 7,028,658 |
| **Consolidated total liabilities** | **74,887,343** | 57,164,906 |

## 4. OTHER INCOME, GAINS AND LOSSES

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Net loss on financial derivatives at FVTPL | **(15,247)** | (93,445) |
| Government grants | **5,628** | 22 |
| Forfeited deposits from customers | **7,841** | 10,573 |
| Net foreign exchange gain (loss) | **(243,264)** | 268,643 |
| Write-down of receivables | **(14,869)** | – |
| Loss on disposal of plant, property and development | **(539)** | – |
| Others | **1,990** | 3,305 |
| | **(258,460)** | 189,098 |

## 5. FINANCE COSTS

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Interest expenses on loans | **281,319** | 186,014 |
| Interest expenses on bonds | **128,374** | 191,137 |
| Financial costs on significant financing component of contract liabilities | **138,225** | – |
| | **547,918** | 377,151 |
| Less: financial costs capitalized | **(415,176)** | (319,711) |
| | **132,742** | 57,440 |

## 6. INCOME TAX EXPENSE

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Current tax: | | |
| PRC Enterprise Income Tax ("EIT") | **379,661** | 356,953 |
| PRC Land Appreciation Tax ("LAT") | **160,569** | 76,677 |
| | **540,230** | 433,630 |
| Deferred tax: | | |
| Current period | **(35,931)** | 81,487 |
| | **504,299** | 515,117 |

No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax for the six months ended 30 June 2018 (for the six months ended 30 June 2017: Nil).

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Under the law of the PRC on EIT (the "EIT Law") and implementation regulation of the EIT Law, the Group's main operating companies in the PRC are subjects to PRC EIT at a rate of 25%.

According to the requirements of the Provisional Regulations of the PRC on LAT effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items. For the six months ended 30 June 2018, a provision of LAT in the amount of RMB160,569,000 (for the six months ended 30 June 2017: RMB76,677,000) has been included in profit or loss.

## 7. DIVIDENDS

During the interim period, a final dividend of HKD0.15 per share in respect of the year ended 31 December 2017 (for the six months ended 30 June 2017: HKD0.10 per share) was declared. The aggregate amount of the final dividend declared in the interim period amounted to HKD419,052,000, equivalent to RMB342,114,000 (for six month ended 30 June 2017: HKD279,368,000, equivalent to RMB244,139,000).

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2018 (for the six months ended 30 June 2017: Nil).

## 8. EARNINGS PER SHARE

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

### *(a) Earnings*

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Profit attributable to owners of the Company allocated to ordinary shares | **331,903** | 227,077 |
| Less: distribution related to perpetual securities | **(21,502)** | (22,864) |
| Earnings for the purpose of basic and diluted earnings per share | **310,401** | 204,213 |

### *(b) Number of shares:*

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share | **2,770,973,440** | 2,770,979,683 |

## 9. INVESTMENT PROPERTIES

| | **Investment properties under development** ***RMB'000*** | **Completed investment properties** ***RMB'000*** | **Total** ***RMB'000*** |
|---|---|---|---|
| As at 1 January 2018 | 6,436,000 | 2,646,000 | 9,082,000 |
| Cost capitalised | 430,856 | – | 430,856 |
| Net increase in fair value recognised in profit and loss | 668,144 | 9,000 | 677,144 |
| As at 30 June 2018 | 7,535,000 | 2,655,000 | 10,190,000 |

The fair value of the Group's investment property as at 30 June 2018 and 31 December 2017 has been arrived at on the basis of a valuation carried out on the respective dates by Debenham Tie Leung Limited ("DTZ"), independent valuers not related to the Group. DTZ has appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

The fair values of investment properties under development are determined using direct comparison approach, which assumes sale of each of the properties in its existing state by making reference to comparable sales transactions as available in the relevant market. The key input for direct comparison approach is average market unit price.

The completed investment properties are valued by income capitalisation approach by capitalising the net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the respective properties. The key inputs for income capitalisation approach are capitalisation rate and average unit market rent per month. The resulting increase in fair value of investment properties of RMB677,144,000 has been recognised directly in profit or loss for the six months ended 30 June 2018 (for the six months ended 30 June 2017: RMB237,485,000).

There has been no change to the valuation technique during the interim period.

As at 30 June 2018, investment properties with a total carry value of RMB577,000,000 (31 December 2017: RMB571,000,000) were pledged as collateral for the Group's borrowings.

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

| | **As at 30 June 2018** *RMB'000* **(Unaudited)** | As at 31 December 2017 *RMB'000* (Audited) |
|---|---|---|
| Trade receivables | **152,485** | 173,453 |
| Less: allowance for doubtful debts | **(37,809)** | (25,735) |
| Trade receivables, net off allowance for doubtful debts | **114,676** | 147,718 |
| Other non-trade receivables | **18,212,660** | 8,441,108 |
| Less: allowance for doubtful debts | **(73,739)** | (43,400) |
| Other non-trade receivables, net off allowance for doubtful debts | **18,138,921** | 8,397,708 |
| Advance payments to contractors | **1,694,795** | 2,116,739 |
| Advance deposits for acquisition of land use rights | **4,909,442** | 1,120,000 |
| Other tax prepayments | **1,167,874** | 786,005 |
| Total | **26,025,708** | 12,568,170 |

## 11. TRADE AND OTHER PAYABLES

| | As at 30 June 2018 *RMB'000* (Unaudited) | As at 31 December 2017 *RMB'000* (Audited) |
|---|---|---|
| Trade payables | **10,039,717** | 9,426,809 |
| Payable on purchase of land use right | **620,555** | 620,555 |
| Consideration payable on acquisition of subsidiaries | **871,347** | 274,484 |
| Consideration payable on acquisition of associates | **148,384** | – |
| Other taxes payable | **91,180** | 173,190 |
| Interest payable | **129,436** | 161,951 |
| Dividends payable | **253** | 234 |
| Other payables and accrued expenses | **13,072,910** | 6,291,494 |
| Total | **24,973,782** | 16,948,717 |

The aging analysis of trade payables is stated as follows.

| | As at 30 June 2018 *RMB'000* (Unaudited) | As at 31 December 2017 *RMB'000* (Audited) |
|---|---|---|
| Within 90 days | **7,474,125** | 7,074,106 |
| Over 90 days and within 180 days | **1,812,982** | 290,866 |
| Over 180 days and within 365 days | **405,382** | 881,354 |
| Over 365 days and within 3 years | **347,228** | 1,180,483 |
| | **10,039,717** | 9,426,809 |

## 12. BONDS

On 23 January 2014, the Company issued 5.50% bonds due 2018 (the "A Bond") with an aggregated nominal value of RMB1,500,000,000 at a value equal to 99% of the face value. The A Bond is listed on the Hong Kong Stock Exchange. The Bond carries interest at the rate of 5.50% per annum, payable semi-annually on 23 January and 23 July in arrears. The A Bond matured and repaid on 23 January 2018.

On 28 July 2016, the Company issued 3.875% bonds due 2019 (the "B Bond") with an aggregated nominal value of USD450,000,000 at a value equal to 99.301% of the face value. The B Bond is listed on the Hong Kong Stock Exchange. The B Bond carries interest at the rate of 3.875% per annum, payable semi-annually on 28 January and 28 July in arrears and will mature on 28 July 2019. The net proceeds after deducting the direct issuance costs, amounted to approximately USD443,986,000 (equivalent to RMB2,956,815,000).

On 7 July 2017, the Company issued 4.50% bonds due 2018 (the "C Bond") with an aggregated nominal value of USD400,000,000 at a value equal to 100% of the face value. The C Bond is listed on the Hong Kong Stock Exchange. The C Bond carries interest at the rate of 4.50% per annum, payable semi-annually on 7 January and 7 July in arrears. The C Bond matured and repaid on 5 July 2018.

On 27 June 2018, the Company issued 7.875% bonds due 2019 (the "D Bond") with an aggregated nominal value of USD200,000,000 at a value equal to 100% of the face value. The D Bond is listed on the Hong Kong Stock Exchange. The D Bond carries interest at the rate of 7.875% per annum, payable semi-annually on 27 December and 27 June in arrears and will mature on 27 June 2019, unless redeemed earlier. The net proceeds after deducting the direct issuance costs, amounted to approximately USD199,347,400(equivalent to RMB1,299,346,000).

The A Bond and B Bond have the benefit of a keepwell deed from Greenland Holdings Group Company Limited, the intermediate controlling shareholder of the Company.

The C Bond have an embedded issuer's redemption option, the Company may, by giving not less than 15 nor more than 30 days' notice to the trustee in writing and to the bondholders, redeem the bond, in whole or in part, at a redemption price equal to 101 percent of their principal amount, together with accrued and unpaid interest.

The D Bond have an embedded issuer's redemption option, the Company may, by giving not more than 30 days' notice to the trustee in writing and to the bondholders, redeem the bond, in whole or in part, at a redemption price equal to 100 percent of their principal amount, together with accrued and unpaid interest.

The directors consider the fair value of the issuer's redemption options of the C Bond and D bond are immaterial to the Group.

The summary of movements of all the bonds for the interim period is set out below:

| | *RMB'000* |
|---|---|
| As at 1 January 2018 | 7,028,658 |
| Net proceeds from bonds issued | 1,299,346 |
| Interests charged during the period | 128,374 |
| Interest paid/payable during the period | (119,354) |
| Repayment of bonds | (1,500,000) |
| Exchange realignment | 91,172 |
| As at 30 June 2018 | 6,928,196 |

The total carrying amount of the bonds was repayable as follows:

| | **As at 30 June 2018** *RMB'000* | As at 31 December 2017 *RMB'000* |
|---|---|---|
| Amount due within one year | **3,965,587** | 4,109,487 |
| Amount due after one year but within two years | **2,962,609** | 2,919,171 |
| Total | **6,928,196** | 7,028,658 |

## 13. PERPETUAL SECURITIES

On 27 July 2016 (the "Issue Date"), the Group issued USD denominated senior perpetual capital securities ("Perpetual Securities") with an aggregate principal amount of USD120,000,000. The Perpetual Securities confer the holders a right to receive distributions at the applicable distribution rate from the Issue Date semi-annually in arrears in USD.

The principal terms of the Perpetual Securities are disclosed in the Group's 2016 consolidated financial statements.

As the Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IAS 32 Financial Instruments: Presentation. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

Distribution of USD3,375,000 (equivalent to RMB21,572,000) has been provided and paid by the Company for the current interim period.

## 14. ACQUISITION OF A SUBSIDIARY

On 23 January 2018, the Group completed the acquisition of 70% interest in Zhaoqing Hengchang Industrial Investment Co., Ltd ("Zhaoqing Hengchang") for consideration of RMB1,365,197,000. This acquisition has been accounted for using the acquisition method. Zhaoqing Hengchang is engaged in property development business and was acquired to continue the expansion of the Group's property development business.

Assets acquired and liabilities recognised at the date of acquisition as follows:

| | |
|---|---|
| | *RMB'000* |
| Net assets acquired | |
| Bank balance and cash | 13,160 |
| Trade and other receivables | 111,044 |
| Properties under development | 3,083,526 |
| Property, plant and equipment | 1,507 |
| Prepaid lease payment | 44,601 |
| Contract liabilities | (152,498) |
| Trade and other payables | (566,914) |
| Deferred tax liabilities | (584,144) |
| | 1,950,282 |
| Non-controlling interests | (585,085) |
| | 1,365,197 |

No goodwill arose from the Zhaoqing Hengchang acquisition.

Non-controlling interest in Zhaoqing Hengchang recognised at the acquisition date was measured by reference to the proportionate share 30% of recognised amounts of net assets of Zhaoqing Hengchang amounted to RMB585,085,000.

| | |
|---|---|
| | *RMB'000* |
| **Total consideration** | |
| Cash | 1,365,197 |

**Net cash outflow arising on acquisition**

| | |
|---|---|
| | *RMB'000* |
| Cash consideration | 1,365,197 |
| Bank balance and cash acquired | (13,160) |
| Consideration payable | (871,347) |
| | 480,690 |

**Impact of acquisition on the results of the Group**

Included in the profit for the interim period is RMB1,272,000 attributable to Zhaoqing Hengchang. Revenue for the interim period includes RMB161,927,000 is attributable to Zhaoqing Hengchang.

Had the acquisition of Zhaoqing Hengchang been effected at the beginning of the interim period, the total amount of revenue of the Group for the six months ended 30 June 2018 would have been RMB5,302,386,000, and the amount of the profit for the interim period would have been RMB462,629,000. The proforma information is for illustrative purposes only and is not necessarily an indication results of operations of the Group that actually would have been achieved had that the acquisition been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and profit of the Group had Zhaoqing Hengchang been acquired at the beginning of the interim period, the directors of the Company calculated depreciation and amortisation of plant and equipment based on the recognised amounts of plant and equipment at the date of the acquisition.

## BUSINESS REVIEW

### Results

In the first half of 2018, in spite of the downside pressure exerted by the intensifying trade conflicts between the United States and China together with weak domestic demand, China's economy continued its modest growth with a consistently upward trend. Driven by the combination effect of the ongoing regulatory policies, supply-side reform and demand-side regulation in the real estate market, the serious mismatch between total supply and demand has been mitigated, ensuring effective supply and market stability. In the future, local real estate markets in China are expected to step into a fine-tuning period, which in turn will accelerate the formation of a long-term mechanism and the establishment of the housing and leasing market. As of June 30, 2018 (the "period under review"), the contracted sales of the Group amounted to approximately RMB15,315 million and the contracted gross floor area ("GFA") sold was 1,270,653 sq.m.. The overall performance was as sound as expected.

During the period under review, the Group recorded a total revenue of approximately RMB5,302 million, an increase of approximately 12% from the same period last year, primarily due to the increase in GFA sold and delivered during the period under review. Net profit attributable to owners of the Company was RMB332 million, representing a year-on-year increase of approximately 46%. Basic and diluted earnings per share amounted to RMB0.11 per share, increased by 57% compared with RMB0.07 per share during the same period last year.

During the period under review, the total GFA sold and delivered amounted to 436,136 square meters, an increase of approximately 16% from 377,562 square meters sold and delivered during the same period last year. Revenue derived from property sales was approximately RMB4,990 million, representing a growth of approximately 11% from approximately RMB4,513 million during the same period last year. The key projects completed and delivered in the first half of 2018 are as follows:

| Item | City | Approximate area sold and delivered in 1H2018 | Approximate sales recognized in 1H2018 | Average selling price |
|---|---|---|---|---|
| | | *sq.m.* | *RMB'000* | *RMB/sq.m.* |
| ***Property*** | | | | |
| Greenland Nanning Central Plaza | Nanning | 120,419 | 1,364,183 | 11,329 |
| Greenland Hai Chang Liu | Haikou | 86,489 | 895,306 | 10,352 |
| Greenland City | Haikou | 81,820 | 695,312 | 8,498 |
| Greenland Jiangnan Huafu | Suzhou | 32,814 | 510,088 | 15,545 |
| Greenland Hai Po Lan Ting | Kunming | 13,079 | 214,021 | 16,364 |
| Greenland Central Culture Center | Haikou | 16,784 | 213,579 | 12,725 |
| Greenland Forest Lake (Songlong Town) | Zhaoqing | 16,474 | 161,744 | 9,818 |
| Greenland Taiping Lake Resort | Huangshan | 18,223 | 151,312 | 8,303 |
| Greenland Lincoln Garden | Suzhou | 18,483 | 143,494 | 7,764 |
| Greenland Seaside City | Shanghai | 5,502 | 107,317 | 19,505 |
| Greenland Yunduhui Square | Kunming | 9,904 | 80,261 | 8,104 |
| Greenland Lakeside Villa | Xuzhou | 7,753 | 72,097 | 9,299 |
| Greenland Cifi City | Hangzhou | 1,660 | 60,578 | 36,493 |
| Greenland Huangpu Center | Shanghai | 178 | 26,197 | 147,174 |
| Greenland Xi Shui Dong | Wuxi | 1,065 | 25,489 | 23,933 |
| Greenland Shanding Park | Taiyuan | 2,065 | 26,219 | 12,697 |
| The Metropolitan | Kunming | 1,432 | 16,196 | 11,310 |
| Oriental Garden | Shanghai | 524 | 8,004 | 15,275 |
| Global 188 | Suzhou | 124 | 3,992 | 32,194 |
| China Resources • Greenland Triumph Arch | Xuzhou | 279 | 3,760 | 13,477 |
| Greenland The Florea | Haikou | 569 | 4,547 | 7,991 |
| Greenland Xiang Shu Hua Cheng | Kunming | 384 | 2,706 | 7,047 |
| Greenland Emerald Bay | Changshu | 112 | 1,429 | 12,759 |
| **Sub-total** | | **436,136** | **4,787,831** | **10,978** |
| ***Carparking lot*** | | | | |
| Greenland Hai Po Lan Ting | Kunming | | 50,076 | |
| Greenland Central Culture Center | Haikou | | 48,258 | |
| Greenland Jiangnan Huafu | Suzhou | | 16,739 | |
| Greenland Cifi City | Hangzhou | | 16,100 | |
| Greenland Xi Shui Dong | Wuxi | | 13,619 | |
| Greenland City | Haikou | | 12,747 | |
| The Metropolitan | Kunming | | 11,926 | |
| China Resources • Greenland Triumph Arch | Xuzhou | | 10,524 | |
| Greenland Xiang Shu Hua Cheng | Kunming | | 10,463 | |
| Tiffany | Shanghai | | 8,705 | |
| Greenland Hai Chang Liu | Haikou | | 2,003 | |
| Greenland Yunduhui Square | Kunming | | 1,442 | |
| **Sub-total** | | | **202,602** | |
| **Total property sales** | | | **4,990,433** | |

**Contracted Sales**

Leveraged on the strong brand influence, abundant resources, well-established system and advanced management practices of its parent company, Greenland Holdings Corporation Limited ("Greenland Holdings") (600606.SH), the Group actively developed high-quality projects, focused their efforts on integration of resources, and achieved well-targeted pricing strategy and project positioning. In the first six months of 2018, the Group achieved total contracted sales of approximately RMB15,315 million and recorded total contracted sales GFA of 1,270,653 square meters.

During the period under review, the bulk of contracted sales mainly derived from projects in Pan-Yangtze River Delta, Pan-Pearl River Delta and Hainan, including those in Jiangsu, Guangxi and Hainan, which accounted for 26%, 26% and 22% of the total contracted sales respectively. Other contracted sales included those derived from core projects in Yunnan, Zhejiang and Taiyuan, accounting for 9%, 7%, and 6% respectively. Average selling price during the period was RMB12,053 per square meter.

**Strategic Cooperation**

In March 2018, the Group officially announced the development strategy for healthcare industries. It would focus on healthcare businesses by leveraging its strong brand advantages and deploying cutting-edge healthcare resources at home and abroad to create a high-quality life and health service platform. In the meantime, the Group was also partner with Provectus Care, a renowned Australian elderly care company, and Shanghai International Medical Centre, a domestic top medical institution, to establish the first Shanghai-based medical institution focusing on Dementia, including Alzheimer's disease, and to establish a high-end brand of old-age care, rehabilitation and nursing. In addition, Greenland Hong Kong Health Investment Company (綠地香港健康投資公司) was formally established to form a well-established industry chain layout demonstrating Greenland Hong Kong's determination to deeply explore the big health industry.

In June 2018, the Group entered into the framework cooperation agreement on the comprehensive renovation projects in five shanty areas with Liangxi Regional People's Government of Wuxi, Jiangsu Province. Jiachengli land parcel covers an area of 221,300 sq.m, and is located in the southwestern side at the intersection of Qingyang Road and Zhenxin Road in Liangxi District, Wuxi, Jiangsu Province. Based on Liangxi District's industrial planning and development direction, the Group will exploit its own advantages in property development, urban planning and industrial resources to support Wuxi's industrial transformation and upgrading. Meanwhile, the Group also signed a framework cooperation agreement on the renovation projects of old towns with Liangxi Regional People's Government. With a total area of 300 mu, the project covered the land parcels in Zhenda Steel Pipe Factory, in the west to Er Mao Fang parcels, in Mao Lane and along Zhenxin Road. The Group would also render the services such as designing the development plan and investment promotion and advising on the project's construction, development and operation in the renovation and upgrading of these land parcels.

**Land Bank**

During the period under review, the Group strategically increased land bank in core urban areas in the Pan-Yangtze River Delta and the Pan-Pearl River Delta.

In January 2018, the Group won the bid for several plots of land for the project, located in Dongmeng Economic Development Zone in Nanning of the PRC with a total GFA of approximately 872,891 sq.m. for residential, commercial and office purpose. In the same month, the Group further acquired a plot of land located in Yulin City, Guangxi Province of the PRC, with a total GFA of approximately 999,414 sq.m for residential and commercial purpose.

On 23 January 2018, the Group entered into the equity transfer agreement to acquire 70% of equity interest in Zhaoqing Hengchang Industrial Investment Co., Ltd., which holds the property project in Zhaoqing City, Guangdong Province of the PRC, at a total consideration of RMB1,855 million with a total GFA of approximately 1,585,000 sq.m. The Songlong Town Project situated at Huilong Town, Gaoyao District, Zhaoqing City for the residential and commercial and hotel use. This project will help the Group's focus on its development advantages in Guangdong-Hong Kong-Macao Great Bay Area and further consolidate its presence in the Pearl River Delta.

On 18 April 2018, the Group announced winning bid for five plots of land in Wujiaba sub-district, Guandu district, Kunming city, at a total consideration of approximately RMB3,426 million. The project occupied a site area of approximately 141,280 sq. m. with a planned GFA of approximately 863,186 sq.m.. The project will be a mixed development of residential, commercial, office and hotel, including 458-meter super high-rise, Kunming Greenland Center, to be the landmark of Kunming city and Yunnan province.

In May 2018, the Group won a bid for a land parcel in Wujiang District, Suzhou at a total consideration of approximately RMB135 million. This land parcel is adjacent to Greenland Jiangnan Huafu project of the Group. With a total GFA of approximately 22,000 sq.m, it'll be developed into a residential and commercial project as the Phase III supportive part of Jiangnan Huafu project. Located within the Chengnan section of Wujiang District, the project is a new high-end central area with integrated functions of residence, business and finance.

On 13 June 2018, the Group successfully won bid for Little Swan plot in Liangxi district, Wuxi city, at a total consideration of approximately RMB1,343 million. The project occupies a land area of 70,903 sq.m. with a planned GFA of approximately 191,000 sq.m. situated in the business core circle of Wuxi near the Fengxiang Road Viaduct. It is planned to be developed into a high-quality project in the urban core area.

On 15 June 2018, the Group further acquired a new plot of land, namely Health Home, in Liangxi district, Wuxi city, at a total consideration of RMB973 million. The land occupies a site area of 58,927 sq.m. with a planned GFA of approximately 155,000 sq.m.. The project is located in the downtown of Liangxi district, Wuxi, near the Company's another project, Greenland Xi Shui Dong. It is also situated in the economy circle within one-hour drive way from Shanghai. Surrounded by a variety of transportation, commercial, education, medical and landscape resources, the project is endowed with high development value for its advantages in location and abundant facilities.

On 30 June 2018, the Group successfully won bid for a land parcel in Xiangyang Yiwu at a total consideration of approximately RMB4,180 million. The project occupies a land area of 135,663 sq.m. with a planned GFA of approximately 264,563 sq.m. As the first entry into the mid-Zhejiang province, the project will be an urban complex including high-end commercial, luxury residential, boutique hotel, leisure and restaurants in the center of economics, politics, culture, and transportation in Yiwu, which shows the Group's determination to further develop in Zhejiang province.

As at 30 June 2018, the Group held a land bank of approximately 20 million square meters, mainly strategically located in the prime zones of major cities in the Pan-Yangtze River Delta and Pan-Pearl River Delta, which is sufficient to support its development in the next three to four years. The Group will continue to seek additional high-quality land projects with promising potential of development.

**Offshore Financing**

On 27 June 2018, the Group issued the USD200 million bonds at the coupon rate of 7.875% due 2019. The net proceeds from this issuance of bonds was used for offshore debt refinancing and general corporate operation.

**Outlook**

The gradual shifting from high-speed growth to high-quality growth of China's economy has provided increasingly stable external conditions for the real estate market and promoted its steady and healthy development. In the future, with the regulatory focus of "stability" for the real estate market, the housing system will be enhanced through making rental housing as important as home purchasing; classified regulation and localized policies will be implemented to strengthen the effect of differentiated regulation; and the supply-side structural reform will be deepened to promote the long-term mechanism of the real estate market. The Group will consistently focus on its real estate business, further explore and preserve high-quality land parcels, expand the high-end residential market, penetrate into the core cities in Pan-Yangtze River Delta and Pan-Pearl River Delta, stabilize its national presence, and address the multi-level consumers' demands in the real estate market. Furthermore, the Group will continuously advance the business strategy of "Real Estate +", establish property projects in sectors such as cultural and business tourism as well as medical and healthcare, reduce cost and raise efficiency, optimize investment structure, develop an efficient talent team, and enhance its competitiveness and market influence so as to lay a solid foundation for the business development and work hard towards the sales target of hundred billion dollars.

## FINANCIAL PERFORMANCE

### Revenue

The total revenue of the Group increased by approximately 12% from approximately RMB4,754 million for the first half of 2017 to approximately RMB5,302 million for the same period in 2018, mainly attributable to the increase in the revenue arising from the sales of properties.

Sales of properties, as the core business activity, generated revenue of approximately RMB4,990 million for the first half of 2018 (first half of 2017: approximately RMB4,513 million), accounting for approximately 94% of the total revenue, and representing year-on-year increase of approximately 11%. The revenue of the Group from other segments included: lease of properties, property management and other related services and hotel and related services operation.

| | **1H2018** | 1H2017 | Change |
|---|---|---|---|
| | ***RMB'000*** | *RMB'000* | *RMB'000* |
| Sales of properties | **4,990,433** | 4,513,369 | 477,064 |
| Property management and other related service | **227,092** | 158,348 | 68,744 |
| Hotel and other related service | **61,755** | 62,748 | (993) |
| Lease of properties | **22,681** | 20,016 | 2,665 |
| Total | **5,301,961** | 4,754,481 | 547,480 |

### Cost of sales

Cost of sales increased by approximately 8% from RMB3,761 million for the first half of 2017 to approximately RMB4,054 million. The cost of sales mainly comprised land costs, construction costs, capitalized finance costs and sales tax.

### Gross profit and margin

Gross profit increased by 26% to approximately RMB1,248 million from RMB994 million for the first half of 2017, while margin rose from 21% to 24%, mainly due to the delivery of projects with higher margin.

### Other income, gains and losses

During the first half of 2018, the Group recorded a loss of approximately RMB258 million decreased from a gain of approximately RMB189 million for the same period of 2017, mainly attributable to foreign exchange loss arising from the devaluation of Renminbi during the period under review.

**Operating expenses**

Due to the development and expansion of the Group, administrative expenses and selling and marketing costs increased to RMB281 million and RMB308 million in the first half of 2018, respectively, as compared with RMB239 million and RMB253 million for the same period of 2017.

**Net finance expenses**

Net finance expenses increased from RMB33 million in the first half of 2017 to RMB109 million in the same period of 2018. The increase was in line with the total balance of interest-bearing debt.

**Fair value changes on investment properties**

The Group recorded fair value gains on investment properties of approximately RMB677 million in the first half of 2018, as compared with a gain of RMB237 million in the first half of 2017. The fair value gain was mainly attributable to gain the investment properties in Shanghai.

**Income tax expense**

Income tax decreased from RMB515 million in the first half of 2017 to RMB504 million in the first half of 2018.

**Profit and total comprehensive income for the period**

Profit and total comprehensive income for the period amounted to approximately RMB463 million, an increase of 13% compared to RMB411 million in the first half of 2017.

**Financial Position**

As at 30 June 2018, the Group's total equity was RMB12,278 million (31 December 2017: RMB11,585 million), total assets amounted to RMB87,165 million (31 December 2017: RMB68,750 million) and total liabilities stood at RMB74,887 million (31 December 2017: RMB57,165 million).

**Liquidity and Financial Resources**

The Group's business operations, bank loans and cash proceeds raised have been the primary source of liquidity of the Group, which have been applied in business operations and investment in development projects.

As at 30 June 2018, net gearing ratio (total borrowings less cash and cash equivalents (including restricted cash) over divided total equity) increased to 104% (31 December 2017: 84%) and total cash and cash equivalents (including restricted cash) amounted to RMB7,053 million, with total borrowings of RMB19,862 million and an equity base of RMB12,278 million.

**Treasury Policy**

The business transactions of the Group were mainly denominated in RMB. Apart from fund raising transactions in the capital market, there is limited exposure to foreign exchange risk.

The Group has established a treasury policy with the objective of enhancing the control over treasury functions and lowering the costs of funds. In providing funds to its operations, funding terms have been centrally reviewed and monitored at Group level.

To minimize the interest risk, the Group continued to closely monitor and manage its loan portfolio by its existing agreements' interest margin spread with market interest rates and offers from the banks.

**Credit Policy**

Trade receivables mainly arose from sale and lease of properties and are settled in accordance with the terms stipulated in the sale & purchase agreements and lease agreements.

**Pledge of Assets**

As at 30 June 2018, the Group pledged properties, land use rights and time deposits with a carrying value of approximately RMB12.8 billion to secure bank facilities, and the total secured loan balance outstanding amounted to approximately RMB11.1 billion.

**Financial Guarantees**

As at 30 June 2018, the Group provided guarantees to banks for:

| | **30 June 2018** *RMB'000* | 31 December 2017 *RMB'000* |
|---|---|---|
| Mortgage | **11,681,757** | 9,922,333 |

**Capital Commitment**

| | **30 June 2018** *RMB'000* | 31 December 2017 *RMB'000* |
|---|---|---|
| Property under development and investment property under development contracted but not provided in the consolidated financial statements | **13,110,442** | 11,138,547 |

**Human Resources**

As at 30 June 2018, the Group employed a total of 3,411 employees (30 June 2017: 2,820). The Group has adopted a performance-based rewarding system to motivate its staff. In addition to a basic salary, year-end bonuses are offered to staff with an outstanding performance, share award schemes were adopted to attract and retain talent. The Group also provides various training programs to improve their skills and develop their respective expertise.

## INTERIM DIVIDEND

The board of directors (the "Board") of the Company has resolved not to pay an interim dividend for the six months ended 30 June 2018.

## MATERIAL CHANGES

Save as disclosed in this announcement, there have been no material changes in respect of any other matters since the publication of the Company's 2017 Annual Report.

## CORPORATE GOVERNANCE

During the six-month period ended 30 June 2018, the Company had complied with the code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Listing Rules, except for code provisions A.2.1, A.4.2 and E.1.2 as described below.

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. From 1 January 2018 to 30 June 2018, Mr. CHEN Jun had undertaken the role of both chairman of the Board and chief executive officer of the Company. The Company considers that the combination of the roles is conducive to the efficient formulation and implementation of the Group's strategies and policies and such combination has not impaired the corporate governance practices of the Group. The balance of power and authority is ensured by the management of the Company's affairs by the Board which meets regularly to discuss and determine issues concerning the operations of the Group.

Code provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Pursuant to the Company's articles of association, any person appointed as a director by the Board shall stand for re-election at the next following annual general meeting of the Company. Such arrangement is considered appropriate in light of the requirement of paragraph 4(2) of Appendix 3 to the Listing Rules which requires that any person appointed by the directors to fill a casual vacancy shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

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

Except that the Company had purchased 565,000 Ordinary Shares on 29 June 2018 on the Stock Exchange at a total purchase price of approximately HK$1,664,200 for the six months ended 30 June 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## REVIEW OF FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Company for the six months ended 30 June 2018 were not audited but have been reviewed by the Audit Committee in conjunction with the Company's auditor, Deloitte Touche Tohmatsu. Based on this review and discussions with the management, the Audit Committee was satisfied that the unaudited condensed consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the six months ended 30 June 2018.

## EVENTS AFTER THE REPORTING PERIOD

On 26 July 2018, the Group made a total distribution amounting to USD3,375,000 (equivalent to RMB22,813,000) to holders of Perpetual Securities issued on 27 July 2016.

## PUBLICATION OF 2018 INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the HKEXnews website at www.hkexnews.hk and the Company's website at www.greenlandhk.com. The 2018 interim report will be available on the HKEXnews website and the Company's website and despatched to Shareholders on or about Friday, 28 September 2018.

By Order of the Board
**Greenland Hong Kong Holdings Limited**
**Chen Jun**
*Chairman*

Hong Kong, 29 August 2018

*As at the date of this announcement, the executive directors of the Company are Mr. Chen Jun, Mr. Wang Weixian, Mr. Hou Guangjun, Mr. Wu Zhengkui and Ms. Wang Xuling; and the independent non-executive Directors are Mr. Cheong Ying Chew, Henry, Mr. Fong Wo, Felix, JP, and Mr. Kwan Kai Cheong.*