Stock code: 2777

GUANGZHOU R&F PROPERTIES CO., LTD.

Interim Report 2016

Contents

Corporate Information

Executive Directors	Li Sze Lim, Zhang Li, Zhou Yaonan, Lu Jing
Non-executive Directors	Zhang Lin, Li Helen
Independent Non-executive Directors	Lai Ming Joseph, Zheng Ercheng, Ng Yau Wah Daniel
Supervisors	Chen Liangnuan, Liang Yingmei, Zhao Xianglin
Authorized Representatives	Li Sze Lim, Lee Michael
Joint Company Secretaries	Lee Michael, Cheung Sze Yin
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RESULTS AND DIVIDEND

For the six months ended 30 June 2016, the Group's total turnover increase by 76% to RMB22.39 billion, and net profit increased by 43% to RMB2.42 billion over the corresponding period last year.

During the period, turnover and net profit from the Group's core business of property development increased by 85% and 69%, respectively, with turnover amounting to RMB20.50 billion and net profit to RMB2.07 billion. The increase in turnover and profit was mainly due to a significant increase in the delivery of area sold to 1,873,400 sq.m., representing an increase of 50% over the corresponding period last year. Our gross margin remained satisfactory but was lower as a result of differences in product mix. Total saleable area of 1,667,000 sq.m. was completed from the sale properties in the period. Recurring revenue from property investments and hotel segment continued its stable growth of 9% during the period to RMB1,036 million. Profitability from property investments continues to provide an important contribution to the Group with gross profit margin of 80% and net profit margin (excluding revaluation) of 39%. The directors have resolved to declare an interim dividend of RMB0.30 per share.

	Unaudited six months ended 30 June 2016 (RMB'000)	Unaudited six months ended 30 June 2015 (RMB'000)	**Percentage changes**
Turnover	**22,389,435**	12,719,140	76%
Profit for the half-year attributable to owners of the Company	**2,225,015**	1,026,380	117%
Basic earnings per share (in RMB)	**0.6925**	0.3186	117%
Dividend per share (in RMB)	**0.30**	0.30	—

BUSINESS REVIEW

Following the solid recovery of the China property market in 2015, the sector has continued to improve further in the first half of 2016. A strong momentum for contracted sales was witnessed across a number of cities, as contracted sales significantly picked up in March and extended into the remaining months of the first half. Many developers recorded double- and even triple-digit contracted sales growth year-on-year. The period also saw progressive policy easing, which included China's central bank allowing banks to lower the minimum down-payment required for first and second home purchases, and rural residents being allowed to be registered as urban residents to qualify for home purchases. This, coupled with a more stable environment relative to the same period in 2015, helped the Group achieve a significant increase in contracted sales year-on-year of 44%, most notably driven by a corresponding increase in saleable area sold of 2,435,400 sq.m., an increase of 43% year-on-year. The cities in which the Group experienced the highest growth were the tier-1 cities of Beijing and Tianjin, where contracted sales increased by approximately 73% and 30% respectively, and certain tier-2 cities such as Huizhou, Nanjing, Wuxi, and Hainan, which saw growth in excess of 200% in terms of value.

The strong recovery of property sales in China placed upward pressure on average selling prices, particularly in tier-1 cities where underlying fundamental demand remains very high. As a result, in Shanghai and Shenzhen (where transaction prices saw the highest increases), selective policies were introduced to control prices. These included a tightening of mortgage requirements for second home purchases, which now require a 50%–70% down-payment in Shanghai and a 40% down-payment in Shenzhen, as compared with previous down payment requirements of 40% and 30% respectively. In addition, potential buyers in Shanghai who do not hold local residence permits (or hukou) must have paid social insurance or taxes in Shanghai for at least five years to qualify for a purchase, where previously the requirement was two years. These tightening measures have somewhat dampened the pace of transactions in these two locations, and raised speculation on whether similar policies will be introduced in other cities. However, the Group believes that this approach of introducing policies specifically targeting certain locations has proved more effective in moderating the sector and creating long-term sustainability than the previous nationwide policies.

Alongside the resurgence in sales volumes, land acquisitions have also seen a significant pick-up in transaction numbers. So-called "land king" purchases are being seen not just in tier-1 cities but also in non-tier-1 cities; these involve (in extreme cases) the final purchase price being two or three times the opening price, as developers look to lock in land for future development. After experiencing modest sales growth in the last two years, most developers chose to conserve cash and scaled back on their land acquisitions during this period. However, with the improvement in contracted sales and an abundance of onshore liquidity, developers have now become more aggressive in replenishing their land banks. After observing land price trends in the first half of the year, the Group chose to remain disciplined about making additional land acquisitions, and only committed RMB5.5 billion, or 1,490,000 sq.m. of gross floor area in China. In 2013 and 2014, the Group made significant land acquisitions at prices below the current market prices, and this has afforded it scope to be patient as it seeks out attractive land acquisition opportunities. Our land bank is currently made up of approximately 38.2 million sq.m. of attributable saleable area, predominantly in China, Malaysia (Johor Bahru), and Australia (Melbourne and Brisbane). Based on the estimated sales value of our attributable land bank, 32% is in tier-1 cities, 45% is in tier-2 cities, and the remainder is in lower tier cities and overseas. Our overall attributable land bank remains cost-effective, at RMB1,700 per sq.m..

The Group's core focus has historically been in tier-1 cities, and in the first half of 2016 it further consolidated this by entering into Shenzhen for the first time. Shenzhen has always been a competitive market given the low supply of land for auction, but it is also one of the most mature and developed property markets among all China's tier-1 cities. As a location, it enjoys the benefits of proximity to Hong Kong, fully developed road and rail infrastructures to other cities, a sizeable working class demographic and a diversified representation of small to medium entrepreneurial businesses run by aspirational young professionals. Having devoted a significant amount of time and energy to understanding the Shenzhen market and exploring the land bank resources available, the Group acquired 248,000 sq.m. (attributable) through two acquisitions. It is also in discussions over the potential acquisition of further projects involving over one million sq.m. of saleable area. At a time of the emergence of "land king" transactions, the Group's first entry into this top tier city in a prime location was a testament to our land banking ability. The land cost associated with the Shenzhen acquisition was approximately RMB8,000 per sq.m., against observed selling prices of above RMB30,000 per sq.m. in the vicinity. With Shenzhen added to the group of tier-1 cities, the Group will focus its land banking activities in five key areas: Guangzhou-Shenzhen, Beijing-Tianjin, the Yangtze River Delta, Taiyuan, and Hainan. With the exception of Shenzhen, all the other regions are locations where the Group has an existing presence. All have also contributed significantly either to the Group's contracted sales or revenue due to their solid sales track record, strong growth potential, or rapid asset turnaround.

There have been a number of noteworthy developments with regards to the Group's financing, all of them positive in terms of the Group's cash flow and earnings profile. Because of our well-established brand name and corporate profile in China, the Group continues to have broad access to onshore public and private bond markets, at historically low interest rates. With a total approved public bond quota of RMB19 billion issued by the Shanghai Stock Exchange in 2015, the Group fully utilised the remaining RMB12.5 billion quota outstanding from 2015 in the first half at interest rates of between 3.48% and 3.95% p.a. for a tenor of 5-year to 7-year maturity. To enhance its funding ability, the Group further received approval in February this year from the Shanghai Exchange and the Shenzhen Exchange to issue up to a quota of RMB30 billion of private domestic bonds. These private bonds differ from public bonds in that only a select class of investors is qualified institutional investors; such investors must be considered to be sophisticated and have a higher risk tolerance, but can expect higher returns. As of early July, the Group had issued multiple tranches of private domestic bonds totalling RMB24.3 billion, at interest rates of between 5% and 5.2% p.a., for a tenor of 4-year and 6-year maturity. Despite volatility in the onshore bond market at the beginning of the second quarter as a result of a number of onshore defaults, our established profile and strong onshore AAA credit rating has ensured that we have been able to continue to access available liquidity for the remainder of the year.

Having been able to raise significant funding at historically low interest rates, the Group took the opportunity of refinancing and redeeming certain relatively expensive short-term debt and debt-like instruments maturing in the near term. Notable repayments that took place included a US$388 million offshore high yield bond that matured in April and RMB7.9 billion of perpetual capital securities with potentially higher step-up costs. The effect of redeeming these near term maturities has been to relieve short-term liquidity risk as well as to significantly lower the Group's overall cost of debt, since the near term redemptions had a carrying cost of approximately 10% p.a. or above compared with recent capital raised at approximately 5% p.a. or below. Consequently, the Group's overall refinancing activities have greatly enhanced its financing flexibility by extending the maturity curve and reducing the need to use near term cash flow to service interest expenses. The Group will continue to seek opportunities to rationalise its funding costs further while the financing environment remains at current interest levels.

The first half saw China's tax reform in the form of value-added tax (VAT) being applied to China's property sector, and also broadened to take in the construction, finance and consumer service sectors. Previously the construction and real estate sectors were subject to a 5% business tax on gross revenue, as against the new situation in which VAT of 11% is applied on a net basis after netting tax deductible expenses (such as land in the case of property development). The key objective of the tax reform is to boost spending on upgrading and investment, since associated costs have the benefit of being tax deductible. The transition for the property sector will be gradual, as projects under construction will have a "grandfather" period before the VAT provisions come into full effect. However, the Group does not expect the tax reform will have a significant impact on its financials over the longer period, as the sector will adjust its costs to accommodate the new tax structure.

GOING FORWARD

The Group expects momentum in the sector to continue into the second half, as fundamental end-user demand remains robust and control measures being applied in the sector remain focused on achieving long-term sustainability. Furthermore, the success of our sales and marketing strategies across varying cities ensures we are confident of achieving our contracted sales target for the full year, based on saleable resources from 68 projects in 29 cities available for sale in China and overseas. With a more flexible financing profile and an established earnings base achieved in 2015, we are on track to a sustainable sales and earnings growth in the short-term, with a primary focus on profitability. We also expect land banking to continue to be fairly active in the sector in the second half as developers reach their yearly sales targets and replenishing land banks becomes a necessity to maintain a continuous development profile. However, we do expect that land banking will be more rationale as developers look to diversify their exposure across various acquisitions, rather than concentrating all their capital in more risky "land king" purchases. The Group's entry into the hotly contested Shenzhen market at reasonable land costs is a testament to our discipline and our ability to strategically secure good land bank resources. This, coupled with our ability to make acquisitions that can achieve rapid asset turnaround, should ensure that our strong land bank profile can deliver on our future sales targets. With these building blocks in place, the Group is highly confident of a strong finish to the year and a solid start going into next year.

ACKNOWLEDGEMENTS

I would like to take this opportunity to thank the Company's shareholders, investors, business associates and customers for their confidence and valuable support, as well as my fellow directors and all the Group's staff for their many contributions to our success.

Li Sze Lim
Chairman

24 August 2016, Hong Kong

Management Discussion and Analysis

OPERATION REVIEW

PROPERTY DEVELOPMENT

The Group's property projects under development span 26 cities and areas across China, one city in Malaysia. During the period, the Group completed sale properties as set out below and made contracted sales equivalent to 50% of the full year target and maintained a sufficient project pipeline.

Completion of Properties

Completion in the period of 1,758,000 sq.m. saleable area represented approximately 41% of the Group's expected completion for 2016 of 4,340,000 sq.m. in saleable area, as compared to 25% for the same period in 2015. Expected completion in the second half of 2016 is approximately 2,582,000 sq.m. as shown in the following table:

	2016 1st Half		2016 2nd Half	
Area	**Approx. Total GFA (sq.m.)**	**Approx. Saleable Area (sq.m.)**	**Approx. Total GFA (sq.m.)**	**Approx. Saleable Area (sq.m.)**
Southern China	477,000	419,000	742,000	624,000
Western China	81,000	59,000	196,000	147,000
Eastern China	430,000	329,000	576,000	466,000
Northern China	1,059,000	860,000	1,498,000	1,249,000
Sub-total	2,047,000	1,667,000	3,012,000	2,486,000
Investment Properties	91,000	91,000	96,000	96,000
Total	2,138,000	1,758,000	3,108,000	2,582,000

Contracted Sales

The Group registered contracted sales of RMB29.79 billion and equivalent to 2,435,400 sq.m. in GFA during the six months ended 30 June 2016 distributed in 26 cities and area as follow:

Location	Approximate GFA sold (sq.m.)	Approximate Value (RMB million)
Beijing and vicinity	244,000	4,468.5
Tianjin	193,700	3,694.5
Guangzhou	124,900	2,799.2
Hainan	237,700	2,448.2
Hangzhou and vicinity	171,100	1,904.1
Taiyuan	207,200	1,883.3
Wuxi	193,900	1,856.1
Nanjing	106,500	1,802.8
Huizhou	189,900	1,688.9
Shanghai and vicinity	46,200	1,010.0
Fuzhou	43,000	877.3
Meizhou	135,500	672.1
Chongqing	121,800	620.8
Zhengzhou	52,700	523.9
Zhuhai	17,900	512.3
Baotou	76,400	446.1
Harbin	35,000	389.6
Brisbane, Australia	8,400	353.1
Foshan	23,900	314.2
Shenyang	45,300	313.7
Johor Bahru, Malaysia	18,400	274.2
Chengdu	44,100	267.1
Datong	53,000	246.9
Guiyang	19,600	221.6
Xian	19,500	139.4
Nanning	5,800	62.2
Total	2,435,400	29,790.1

Sale Properties Under Development

Sale properties under development amounted to approximately 12,652,000 sq.m. GFA as at 30 June 2016, details of which are set out below:

Location	Number of Project	Approximate GFA (sq.m.)	Approximate saleable area (sq.m.)
Beijing and vicinity	4	1,371,000	979,000
Tianjin	6	1,128,000	751,000
Guangzhou	10	1,037,000	837,000
Taiyuan	3	921,000	535,000
Huizhou	3	889,000	673,000
Harbin	2	776,000	641,000
Johor Bahru, Malaysia	1	666,000	365,000
Hangzhou and vicinity	3	663,000	499,000
Wuxi	3	639,000	419,000
Shanghai and vicinity	3	612,000	353,000
Meizhou	1	589,000	395,000
Zhengzhou	2	582,000	406,000
Hainan	4	549,000	463,000
Fuzhou and vicinity	2	397,000	312,000
Baotou	1	341,000	293,000
Chongqing	3	266,000	199,000
Nanjing and vicinity	3	202,000	121,000
Shenyang	2	188,000	128,000
Chengdu	1	162,000	117,000
Nanning	1	150,000	105,000
Guiyang	1	136,000	99,000
Zhuhai	1	135,000	99,000
Foshan	1	126,000	99,000
Xian	2	61,000	34,000
Changsha and vicinity	1	44,000	35,000
Datong	1	22,000	—
Total	65	12,652,000	8,957,000

PROPERTY INVESTMENT

The Group's investment properties portfolio included grade-A office buildings (Guangzhou R&F Center and Beijing R&F Center), shopping malls (Guangzhou R&F Haizhu City, Viva Beijing R&F Plaza, Chengdu R&F Plaza and Tianjin R&F Plaza) and various retail properties. The combined office and retail space of these properties as at 30 June 2016 exceeded 850,000 sq.m. in total GFA.

The investment property portfolio of the Group also included expanding logistic and storage facilities.

HOTEL OPERATION

The Group currently operates 14 hotels, two in Beijing (Renaissance Beijing Capital Hotel and Holiday Inn Express Temple of Heaven Beijing), four in Guangzhou (The Ritz-Carlton Guangzhou, Grand Hyatt Guangzhou, Holiday Inn Guangzhou Airport Zone and Park Hyatt, Guangzhou), Renaissance Huizhou Hotel, Intercontinental Huizhou Resort, Hyatt Regency Chongqing, Holiday Inn Chongqing University Town, The Ritz-Carlton Chengdu, Pullman Taiyuan R&F Hotel, Marriot Resort & Spa Hainan Xiangshui Bay and DoubleTree Resort by Hilton Haikou-Chengmai.

LAND BANK

The following seven pieces of land were bought during the period:

Location	**Interest stakes %**	**Site Area (sq.m.)**	**Attributable GFA (sq.m.)**	**Attributable Land Cost (RMB million)**	**Average Land Cost (RMB/sq.m.)**
Ningbo R&F Cambridge Court	100%	101,000	266,000	800	3,000
Guangzhou Huadu Shiling Project	80%	199,000	557,000	1,900	3,400
Taiyuan R&F Shangyue Court (Longcheng Southern Street Project)	100%	38,000	123,000	364	3,000
Hainan R&F Ocean Park	100%	350,000	109,000	185	1,700
Shenzhen Xialilang Project*	65%	35,000	53,000	390	7,300
Shenzhen Bainikeng Project*	65%	97,000	195,000	1,602	8,200
Huizhou Huilin Hot Spring Village	100%	698,000	187,000	229	1,200
Total		1,518,000	1,490,000	5,470	3,700

* City relocation project, GFA and land cost subject to further Government approval and related party negotiation.

As at 30 June 2016, the Group was in possession of the following land bank:

Area	**Approximate GFA (sq.m.)**	**Approximate saleable area (sq.m.)**
Southern China	14,952,000	14,076,000
Western China	5,003,000	4,798,000
Eastern China	3,575,000	3,047,000
Northern China	14,224,000	12,618,000
Overseas	2,931,000	2,451,000
Investment Properties	1,285,000	1,238,000
Total	41,970,000	38,228,000

FINANCIAL REVIEW

The Group's net profit for the six months ended 30 June 2016 increased to RMB2.42 billion, from RMB1.70 billion for the corresponding period last year. Net profit from the Group's core business of property development accounted for 85% of the Group's total net profit and amounted to RMB2.07 billion. Compared to the previous period, net profit from property development increased by 69%, based on a delivery of 1,873,400 sq.m. in terms of saleable area in the period. Profit from property investment, not including any fair value gain, was RMB155 million. Fair value gain in the period amounted to RMB717 million. Revenue from hotel operations and other segments increased by 22%, compared to the previous period, to RMB1.5 billion as a result of the opening of four new hotels in Guangzhou, Hainan and Chongqing and increase in contribution from property management.

The following comments on the components of the income statement, with the exception of #6 (on finance costs) and #9 (on net profit), relate only to property development:

1. Turnover increased by 85% to RMB20.50 billion, from RMB11.11 billion in the same period in 2015. The Group completed and delivered properties in 20 cities in the six months ended 30 June 2016. The amount of saleable area sold increased by 50% to 1,873,400 sq.m. from 1,249,100 sq.m.. The overall average selling price increased by 22%, from RMB8,900 to RMB10,900 per sq.m.. This increase in average selling price was mainly due to the sales mix in the period having proportionally less turnover from sales of residential properties being low income housing projects. The top three projects, Shanghai R&F Hongqiao No. 10, Taiyuan R&F City and Fuzhou R&F Center, which individually had turnover of over RMB1.5 billion and a combined turnover of RMB5.9 billion or 29% of total turnover and carried average selling price from RMB7,100 to RMB47,000 per sq.m.. Based on turnover distribution by cities in the period, there were four more cities compared to same period in 2015 and Taiyuan replaced Beijing and the first time to be the city with the largest share of total turnover. Mainly from Taiyuan R&F City, turnover of Taiyuan amounted to RMB2.54 billion or 12% of total turnover. Shanghai ranked second in turnover with large scale delivery of Shanghai R&F Hongqiao No. 10 which increased its turnover to RMB2.37 billion, equivalent to 12% of total. Beijing's turnover ranked third with turnover amounted to RMB2.13 billion in the period. These top three cities ranked by turnover in the period, Taiyuan, Shanghai and Beijing, together accounted for 34% of total turnover as compared to 51% from the top three cities (Beijing, Tianjin and Taiyuan) in the previous period. The remaining 66% of turnover for this period was contributed by the other seventeen cities in which the Group operated, the more significant of which were Tianjin, Hangzhou and Fuzhou contributed approximately 7% to 9% each.

The following is the summary of turnover by city:

City	Amount of turnover (in RMB million)	Saleable area sold (sq.m.)	Average Selling Price (RMB/sq.m.)
Taiyuan	2,545	356,000	7,100
Shanghai	2,369	61,100	38,800
Beijing	2,129	169,200	12,600
Tianjin	1,776	112,300	15,800
Hangzhou	1,751	112,900	15,500
Fuzhou	1,526	84,100	18,100
Guangzhou	1,500	74,100	20,200
Hainan	1,028	78,500	13,100
Meizhou	944	207,300	4,600
Foshan	863	96,200	9,000
Nanjing	825	41,400	19,900
Huizhou	786	90,000	8,700
Baotou	640	103,700	6,200
Wuxi	577	63,800	9,000
Harbin	369	56,900	6,500
Chongqing	308	61,000	5,000
Shenyang	170	27,400	6,200
Datong	162	38,700	4,200
Xian	161	25,700	6,300
Chengdu	66	13,100	5,100
Total	20,495	1,873,400	10,900

2. Cost of goods sold consists of land and construction costs, capitalized finance costs, and sales tax. For the current period, land and construction costs made up 87% of the Group's total costs, as compared to 84% in the previous period. In terms of costs per sq.m., land and construction costs increased to RMB6,950 from RMB5,140 in the previous period. A main reason for this increase was that, compared to the previous period, a smaller portion of the period's total turnover came from delivery of low income housing projects with lower land or construction costs. Capitalized finance costs included in the period's cost of sales amounted to RMB1,047 million up from RMB512 million, representing approximately 7% of total costs, versus 6.7% for the previous period. As a percentage of turnover from sale of properties, capitalized finance cost increase from 4.6% to 5.1%. The cost of goods sold also included RMB884 million in business tax, making up 6% of costs.

3. Overall gross margin for the period was 27.1%, as compared to 31.5% in the same period in 2015. This change was the result of two new cities and two old cities with new projects with completion and delivery of properties in this period experienced a slightly lower gross margin typical at the beginning to attract customer. There were thirteen projects with sales directly comparable to those in the previous period and there were three projects with increased gross margin, one projects with even gross margin and nine projects with decreased gross margin.

4. Other gains were mainly the result of interest income, which increased in line with higher average cash on hand.

5. Selling and administrative expenses for the period increased by 11% or RMB148 million, to RMB1,481 million. This increase was in line with selling and marketing activities as a result of more cities. Selling and administrative expenses as a percentage of turnover decreased to 7.2% from 12% due to better cost control.

6. Finance costs increased to RMB1.0 billion for the period, up 96% (1H 2015: RMB0.51 billion), which includes total interest expenses of RMB3.24 billion and net foreign exchange gains of RMB120 million incurred in the period and after deducting capitalised finance costs of RMB2.12 billion to development projects. The 15% increase in total interest expenses is related to an increase of average borrowings outstanding to RMB98.6 billion from RMB68.5 billion in the previous corresponding period. Together with RMB1,047 million (1H 2015: RMB512 million) charged to cost of goods sold related to capitalised interest, the total finance costs incurred during the period amounted to RMB2.05 billion (1H 2015: RMB1.02 billion).

7. The share of result of associates was mainly derived from the Group's 20% share in the Guangzhou Asian Games City project. The share of results of joint ventures were mainly from a 33.34% interest in Guangzhou Liedecun project, 50% interest in Shanghai New Jiangwan project, 25% interest in Tianjin Jinnan New Town project and 60% interest in Guizhou Da Xi Nan project. These five projects had a combined turnover of RMB2.5 billion in the period.

8. Land appreciation tax (LAT) of RMB705 million (1H 2015: RMB543 million) and Enterprise Income Tax of RMB781 million brought the Group's total income tax expenses for the period to RMB1.49 billion. As a percentage of turnover, LAT decreased to 3.4% from 4.9% for the same period in 2015. This decrease mainly came from lower overall gross margin in the period. The effective enterprise income tax rate was 27% (1H 2015: 29%).

9. Overall, the Group's net profit margin for the period was 10.8%, as compared to 13.4% in the previous period. While the net profit margin of the core property development dropped to 10.1% in line with a lower gross margin from properties sold and delivered.

Financial resources and liquidity

At 30 June 2016, total cash including amounts restricted for specified usage was RMB37.34 billion (31 December 2015: RMB21.28 billion). Cash remained steady in the period. With total borrowings at the end of the period amounted to RMB107.77 billion (31 December 2015: RMB82.44 billion), net debt increased to RMB70.43 billion from RMB61.16 billion at 31 December 2015. Net debt to total equity ratio increased to 154% at 30 June 2016 from 124% at 31 December 2015.

During the six months ended 30 June 2016, new bank borrowings of RMB11.17 billion have been procured at interest rate ranging from 3.13% to 7.60% while bank borrowings repaid amounted to RMB9.22 billion. The effective interest rate of the total bank borrowings portfolio at 30 June 2016 was 5.58% (31 December 2015: 6.52%). Other than a RMB6.5 billion 4.95% Corporate bond, a RMB9.6 billion 3.95% Corporate bond, a RMB1.95 billion 3.48% Corporate bond, a RMB0.95 billion 3.95% Corporate bond, a RMB4.6 billion 5.2% Non-public bond, a RMB10.4 billion 5.15% Non-public bond, an offshore USD600 million 8.75% notes and an offshore USD1 billion 8.50% notes, most of the borrowings were in RMB and at floating interest rate bench marked to rates published by the People's Bank of China. The Group considered the RMB interest rate environment relatively stable and with the Group's borrowings substantially in RMB that matched income and assets predominantly in RMB, the Group did not consider it necessary to hedge either its interest rate or currency exposure.

Charge on assets

As at 30 June 2016, certain properties and bank deposits were pledged to secure bank and other borrowings amounted to RMB54.30 billion (31 December 2015: RMB53.21 billion).

Contingent liabilities

The Group provided guarantees in respect of bank mortgage loans taken out by purchasers of the Group's sale properties. For guarantees provided in respect of residential properties, the guarantees would be released upon the issuance of real estate ownership certificate of the properties concerned. As at 30 June 2016, such guarantees totalled RMB25.78 billion which increased 9.6% from RMB23.53 billion as at 31 December 2015. In addition, as at 30 June 2016, RMB2.88 billion (31 December 2015: RMB3.51 billion) in guarantee were provided to the Group's joint ventures and associate for their borrowings.

Employee and remuneration policies

As of 30 June 2016, the Group had approximately 20,070 employees (30 June 2015: 26,668). The total staff costs incurred were approximately RMB676 million during the six months ended 30 June 2016. The Group provides competitive remuneration, including fringe benefits such as one-off discount on purchase of properties developed by the Group, and employees are rewarded on a performance basis within the general framework of the Group's salary and bonus system. Job-related training is also provided from time to time.

Other Information

INTERIM DIVIDEND PAYMENT AND CLOSURE OF REGISTER OF MEMBERS

The Board has declared an interim dividend for the six months ended 30 June 2016 (the "Interim Dividend") of RMB0.30 per share to shareholders whose names appear on the register of members as at 19 September 2016 (the "Record Date"). The Interim Dividend will be paid on 14 October 2016.

The H Share register of members will be closed from 12 September 2016 (Monday) to 19 September 2016 (Monday) (both dates inclusive), during which period no transfer of H shares will be registered. In order to establish entitlements to the Interim Dividend, all the share transfer documents must be lodged with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 9 September 2016 (Friday).

According to the Company's articles of association, dividend payable to shareholders shall be calculated and declared in RMB. Dividends payable to holders of the Company's domestic shares shall be paid in RMB, whereas dividends payable to holders of the Company's H shares shall be in Hong Kong Dollar. The exchange rate to be adopted shall be the average closing rate of the one-week period preceding the date of declaration of dividend as announced by the People's Bank of China. The Interim Dividend is also subject to PRC withholding tax.

The average of the closing exchange rate for RMB to Hong Kong Dollar as announced by the People's Bank of China for the one-week period prior to 24 August 2016, the date on which the Interim Dividend was declared RMB0.855776 to HK$1.00. Accordingly, the amount of Interim Dividend payable per H share is HK$0.350559.

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法) and its implementation regulations (the "EIT Law"), the tax rate of the enterprise income tax applicable to the income of a non-resident enterprise deriving from the PRC is 10%. For this purpose, any H shares registered under the name of non-individual enterprise, including the H shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organizations or entities, shall be deemed as shares held by non-resident enterprise shareholders (as defined under the EIT Law). The Company will distribute the dividend to those non-resident enterprise shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

Any resident enterprise (as defined under the EIT Law) which has been legally incorporated in the PRC or which was established pursuant to the laws of foreign countries (regions) but has established effective administrative entities in the PRC, and whose name appears on the Company's H share register should deliver a legal opinion ascertaining its status as a resident enterprise furnished by a qualified PRC lawyer (with the official chop of the law firm issuing the opinion affixed thereon) and relevant documents to Computershare Hong Kong Investor Services Limited in due course, if they do not wish to have the 10% enterprise income tax withheld and paid on their behalf by the Company.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa (1993) No. 045 Document (關於國税發(1993) 045號文件廢止後有關個人所得税徵管問題的通知) (the "Notice") issued by the State Administration of Taxation on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general.

However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries of their residence and Mainland China. Thus, 10% individual income tax will be withheld from the dividend payable to any individual shareholders of H shares whose names appear on the H share register of members of the Company on the Record Date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice.

PROFIT DISTRIBUTION TO INVESTORS OF SOUTHBOUND TRADING

For investors of the Shanghai Stock Exchange (including enterprises and individuals) investing in the H shares of the Company listed on the Hong Kong Stock Exchange (the "Southbound Trading"), the Company has entered into the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading (港股通H股股票現金紅利派發協議) with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited ("China Securities"), pursuant to which, China Securities, as the nominee of the holders of H shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Southbound Trading through its depositary and clearing system. The cash dividends for the investors of H shares of Southbound Trading will be paid in RMB. Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

All investors are requested to read this part carefully. Shareholders are recommended to consult their taxation advisors regarding their holding and disposing of H shares of the Company for the PRC, Hong Kong and other tax effects involved.

The Company has appointed Bank of China (Hong Kong) Trustee Limited as the receiving agent in Hong Kong and will pay to the receiving agent the Interim Dividend for payment to holders of H shares on 14 October 2016. Cheques will be dispatched to holders of H shares by ordinary post at their own risk.

CLOSURE OF REGISTER OF MEMBERS

The H share register of members will be closed from 12 September 2016 (Monday) to 19 September 2016 (Monday) (both dates inclusive), during which period no transfer of H shares will be registered. In order to establish entitlements to the Interim Dividend, all the share transfer documents must be lodged with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 9 September 2016 (Friday).

REVIEW OF INTERIM RESULTS

The audit committee has reviewed the unaudited interim results of the Company for six months ended 30 June 2016. The Company's auditor, PricewaterhouseCoopers, has also reviewed the unaudited condensed consolidated interim financial information for the period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

SHARE CAPITAL

The shareholding structure of the Company as at 30 June 2016 was as follows:

Class of shares	No. of shares	Percentage
Domestic shares	2,207,108,944	68.5%
H shares	1,015,258,400	31.5%
Total	3,222,367,344	100.0%

DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2016, the beneficial interests and short positions of the directors, chief executive and supervisors of the Company and any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")), which are required to be (i) notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO; or (ii) entered into the register required to be kept by the Company under Section 352 of Part XV of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers ("Model Code"), were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company as at 30 June 2016 were as follows:

		Number of shares			
Director/Supervisor	Class of shares	Personal	Spouse or child under 18	Total number of shares held at the ended of the period	Approximate percentage of interest in the total share capital Note
Li Sze Lim	Domestic share	1,045,092,672			
	H share	30,000,000	5,000,000	1,080,092,672	33.52%
Zhang Li	Domestic share	1,005,092,672	20,000,000		
	H share	6,632,800		1,031,725,472	32.02%
Lu Jing	Domestic share	35,078,352		35,078,352	1.09%
Zhou Yaonan	Domestic share	22,922,624		22,922,624	0.71%
Li Helen	H share	1,003,600		1,003,600	0.03%
Zheng Ercheng	H share	260,280		260,280	0.008%
Ng Yau Wah, Daniel	H share	22,588,000		22,588,000	0.70%
Chen Liangnuan	Domestic share	20,000,000		20,000,000	0.62%

Note:

The Company's total number of issued shares as at 30 June 2016 was 3,222,367,344 of which 2,207,108,944 shares are domestic shares held by domestic shareholders, accounting for 68.49% of the total share capital of the Company and 1,015,258,400 shares were held by the holders of H shares, accounting for 31.51% of the total share capital of the Company.

(b) Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO):

Director	Name of associated corporation	Type	No. of shares	Percentage of total issued capital
Li Sze Lim	Guangzhou Tianfu Property Development Co., Ltd. ("Tianfu") (Note 1)	Corporate	N/A	7.5%
	Beijing Fushengli Investment Consulting Co., Ltd. ("Fushengli") (Note 2)	Corporate	N/A	35.0%
Zhang Li	Tianfu (Note 1)	Corporate	N/A	7.5%
	Fushengli (Note 2)	Corporate	N/A	35.0%

Notes:

1. Tianfu is 15% and 85% owned by Century Land Properties Limited and the Company respectively. Century Land Properties Limited is beneficially owned by Mr. Li Sze Lim and Mr. Zhang Li at 50% each.

2. Fushengli is 70% and 30% owned by Well Bright International Limited and Guangzhou Tianli Construction Co., Ltd. respectively. Guangzhou Tianli Construction Co., Ltd. is a subsidiary of the Company. Well Bright International Limited is beneficially owned by Mr. Li Sze Lim and Mr. Zhang Li at 50% each.

Save as disclosed above, as at 30 June 2016, none of the directors, chief executive or supervisors of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2016, so far as the directors are aware, only the following persons (other than the directors, chief executive and supervisors of the Company) held 5% or more beneficial interests or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under division 2 and 3 of part XV of the SFO, as recorded in the register as required to be kept under section 336 of the SFO.

Name of shareholder	Type of share	Number of shares (Note 1)	Approximate percentage of interests in H shares (Note 2)
JPMorgan Chase & Co.	H share	60,160,173 (L)	5.92%
		3,407,612 (S)	0.33%
		26,926,734 (P)	2.65%
Citigroup Inc.	H share	58,275,680 (L)	5.73%
		23,866,971 (S)	2.35%
		46,872,447 (P)	4.61%
Commonwealth Bank of Australia	H share	53,233,212 (L)	5.24%
		5,067,768 (S)	0.49%
Lehman Brothers Holdings Inc.	H share	51,049,240 (L)	5.03%
		67,663,183 (S)	6.66%

Notes:

1. The letters "L", "S" and "P" respectively denote a long position, short position and lending pool in the shares.

2. 1,015,258,400 shares were held by the holders of H shares, accounting for 31.51% of the total share capital of the Company.

Save as disclosed above, as at 30 June 2016, no other persons' (other than the directors', chief executive's and supervisors') interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The following two agreements include a condition imposing specific performance obligations on Mr. Li Sze Lim ("Mr. Li"), a controlling shareholder of the Company who is interested in approximately 33.52% of the issued share capital of the Company as at 30 June 2016:

1. An agreement for a bank borrowing of RMB1.0 billion dated 21 May 2013 entered into by Tianjin Jinnan Xincheng Real Estate Development Co., Ltd. (天津津南新城房地產開發有限公司), owned as to 25% by the Group. This borrowing was fully repaid in August 2016; and

2. An agreement for a bank borrowing of HK$2.7 billion dated 10 October 2013 entered into by Charm Talent Limited, owned as to 25% by the Group. This borrowing was fully repaid in August 2016.

For each of the above borrowings, it will be an event of default in the event that Mr. Li ceases to hold directly or indirectly an aggregate beneficial ownership of not less than 30% in the shares of and interests in the Company and in such event (amongst other things), the loan agreements may be terminated by the lenders and the loans may become immediately due and repayable.

BOARD COMPOSITION AND PRACTICE

The Board of the Company consists of nine members, including four executive directors, Mr. Li Sze Lim, Mr. Zhang Li, Mr. Zhou Yaonan and Mr. Lu Jing; two non-executive directors, Ms. Zhang Lin (the sister of Mr. Zhang Li) and Ms. Li Helen (the sister of Mr. Li Sze Lim); and three independent non-executive directors, Mr. Lai Ming, Joseph, Mr. Zheng Ercheng and Mr. Ng Yau Wah, Daniel. Save as disclosed, there is no business or other relationship among members of the Board, and in particular between the chairman and the chief executive of the Company. The structure, size and composition of the Board will be reviewed from time to time to ensure that the Board retains a mix of balanced skills and expertises to provide effective leadership of the Company according to the board diversity policy of the Company.

All directors have entered into letters of appointment with the Company for a specific terms of three years. All directors are subject to retirement from office by rotation and re-election at the shareholders' general meeting once every three years in accordance with the Articles of Association of the Company ("Articles of Association").

The Board is fully responsible for the formulation of business policies and strategies in relation to the business operations of the Group, including dividend policy and risk management strategies. It is also responsible for the adoption of internal business and management control as well as the monitoring of the effectiveness of its control measures.

All directors, including non-executive directors and independent non-executive directors, have offered sufficient time and effort to serve the business affairs of the Company. All non-executive directors and independent non-executive directors possess appropriate academic and professional qualifications and related management experience and have contribute to the Board with their professional advice. Pursuant to the requirement of Rule 3.10 of the Rules Governing of the Listing of Securities on the Stock Exchange (the "Listing Rules"), the Company has appointed three independent non-executive directors, one of whom has appropriate professional qualification in accounting and financial management. All independent non-executive directors have confirmed their independence of the Company.

The notice of Board meeting will be given to all directors at least 14 days prior to the date of meeting. All directors are given opportunities to include any matters to be discussed in the agenda. The company secretary is responsible to the Board for ensuring that all board procedures are followed, and detailed minutes of the Board meetings are prepared, circulated and approved. The company secretary is also responsible for the Company's compliance with the continuing obligations of the Listing Rules, Code on Takeovers and Mergers and Share Repurchases, Companies Ordinance, SFO and other applicable laws, rules and regulations.

The Company continuously updates all directors on its latest development regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and to enhance their awareness of good corporate governance practices.

The positions of the chairman and the chief executive officer are held by separate individuals with the view to maintaining an effective segregation of duties.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS AND SUPERVISORS OF THE COMPANY

The Company adopts the Model Code in Appendix 10 to the Listing Rules as the code of conduct for directors and supervisors in their dealings in the Company's securities. The Company made specific enquires with each director and supervisor, and each of them confirmed that he or she had complied with the Model Code during the six months ended 30 June 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to enhancing its corporate governance practices and procedures. It complies strictly with the PRC Company Law and other laws and regulations of relevant jurisdictions. In particular, it has observed the rules and principles set out under the Corporate Governance Code and Corporate Governance Report as stated in the Appendix 14 of the Listing Rules throughout the six months ended 30 June 2016, save for the deviation on Code E.1.2. Mr. Lai Ming, Joseph, the chairman of audit committee of the Company was unable to attend the Company's annual general meeting which was held on 27 June 2016 as he had other important business engagement in other country.

AUDIT COMMITTEE

The audit committee of the Company has been set up with terms of reference in accordance with Appendix 14 of the Listing Rules. The audit committee is delegated by the Board to assess matters related to the financial statements and to provide recommendations and advices including review of relationship with external auditors, the Company's financial reporting, the internal control and risk management systems. There were no disagreements from the audit committee or the external auditors on the accounting policies adopted by the Company.

The audit committee comprises Mr. Lai Ming, Joseph (chairman of the audit committee) and Mr. Zheng Ercheng who are independent non-executive directors of the Company and Ms. Helen Li who is a non-executive director of the Company. The audit committee has reviewed the unaudited interim results of the Company for six months ended 30 June 2016. The Company's auditor, PricewaterhouseCoopers, has also reviewed the unaudited condensed consolidated interim financial information for the period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

REMUNERATION COMMITTEE

The remuneration committee of the Company has been set up with terms of reference in accordance with Appendix 14 to the Listing Rules. The committee comprises Mr. Zheng Ercheng (chairman of the remuneration committee), Mr. Li Sze Lim, and Mr. Ng Yau Wah, Daniel. The principal responsibilities of the remuneration committee include the reviewing and making of recommendation to the Board on the Company's policies, structure and specific remuneration packages of directors and senior management of the Company.

The remuneration committee has reviewed the compensation payable to all directors and senior management in accordance with the contractual terms and that such compensation is fair and not excessive to the Company.

NOMINATION COMMITTEE

The nomination committee has been established on 20 March 2012 with written terms of reference. The committee comprised three directors: Mr. Li Sze Lim, executive director, and two independent non-executive directors, Mr. Lai Ming, Joseph and Mr. Zheng Ercheng. Mr. Li Sze Lim is chairman of the committee.

The nomination committee is responsible for the formulation of nomination policy for the consideration of the Board and implements the policy approved by the Board. Specific responsibilities include, among others, review the structure, size and composition of the Board, identify and nominate candidates to fill causal vacancies of directors, review the time required from directors to perform their duties and make recommendation to the Board in respect of succession planning.

SHAREHOLDERS RELATION

The Company has established different communication channels with its shareholders. Apart from annual and special general meetings, annual reports, interim reports, circulars and announcement as required under the Listing Rules, shareholders are encouraged to visit the website of the Company which is updated with the most recent key information of the Group. The Company also holds regular press conferences and briefing meetings with analysts.

CHANGE IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Pursuant to Rule 13.51(B) of the Listing Rules, there is a change in the information required to be disclosed pursuant to paragraph (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the course of the directors', supervisors' and chief executive's term of office. The change of information on directors is as follow:

1. Mr. Li Sze Lim, the chairman of the Board of the Company, was appointed as a director of New Home Association Limited on 1 March 2016.

Condensed Consolidated Interim Balance Sheet

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Unaudited 30 June 2016	Audited 31 December 2015
ASSETS			
Non-current assets			
Land use rights	8	**1,476,657**	1,264,041
Property, plant and equipment	8	**9,964,439**	9,009,864
Investment properties	8	**21,044,983**	19,251,951
Intangible assets	8	**1,063,044**	1,034,849
Interests in joint ventures	9	**6,211,190**	5,954,631
Interests in associates	10	**91,791**	71,052
Deferred income tax assets		**3,885,435**	3,295,186
Available-for-sale financial assets		**592,890**	645,140
Trade and other receivables and prepayments	11	**1,173,175**	4,046,552
		45,503,604	44,573,266
Current assets			
Properties under development		**78,224,863**	78,671,926
Completed properties held for sale		**24,948,703**	22,427,988
Inventories		**411,195**	414,888
Trade and other receivables and prepayments	11	**16,530,761**	13,576,168
Tax prepayments		**2,783,475**	2,784,288
Restricted cash	12	**8,259,825**	6,814,094
Time deposits		**107,721**	500,000
Cash and cash equivalents		**28,975,608**	13,970,313
		160,242,151	139,159,665
Total assets		**205,745,755**	183,732,931
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	**805,592**	805,592
Other reserves		**4,454,644**	4,590,948
Shares held for Share Award Scheme	14	**—**	(88,947)
Retained earnings		**37,629,038**	35,404,023
		42,889,274	40,711,616
Perpetual capital instruments	15	**2,404,067**	7,977,869
Non-controlling interests		**318,367**	527,895
Total equity		**45,611,708**	49,217,380

	Note	Unaudited 30 June 2016	Audited 31 December 2015
LIABILITIES			
Non-current liabilities			
Long-term borrowings	16	**77,884,056**	49,759,398
Deferred income tax liabilities		**4,659,293**	3,935,947
		82,543,349	53,695,345
Current liabilities			
Accruals and other payables	17	**17,708,821**	18,727,912
Deposits received on sale of properties		**19,958,557**	18,407,668
Current income tax liabilities		**10,037,354**	11,005,384
Short-term borrowings	16	**4,821,830**	5,661,596
Current portion of long-term borrowings	16	**25,064,136**	27,017,646
		77,590,698	80,820,206
Total liabilities		**160,134,047**	134,515,551
Total equity and liabilities		**205,745,755**	183,732,931

The notes on pages 28 to 59 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Income Statement

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Unaudited Six months ended 30 June 2016	2015
Revenue	6	**22,389,435**	12,719,140
Cost of sales		**(16,706,704)**	(8,971,554)
Gross profit		**5,682,731**	3,747,586
Other income and other gains — net	18	**916,305**	899,985
Selling and marketing costs		**(521,826)**	(370,000)
Administrative expenses		**(1,208,172)**	(1,122,997)
Operating profit		**4,869,038**	3,154,574
Finance costs	19	**(1,000,874)**	(511,925)
Share of results of associates		**(14,854)**	(5,100)
Share of results of joint ventures		**178,463**	254,564
Profit before income tax		**4,031,773**	2,892,113
Income tax expenses	20	**(1,607,614)**	(1,191,481)
Profit for the period		**2,424,159**	1,700,632
Profit/(loss) attributable to:			
— Owners of the Company		**2,225,015**	1,026,380
— Holders of perpetual capital instruments	15	**199,917**	677,368
— Non-controlling interests		**(773)**	(3,116)
		2,424,159	1,700,632
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)		**0.6925**	0.3186

The notes on pages 28 to 59 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Comprehensive Income

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Unaudited Six months ended 30 June 2016	2015
Profit for the period		**2,424,159**	1,700,632
Other comprehensive income			
Items that may be reclassified to profit or loss			
— Fair value (losses)/gains on available-for-sale financial assets, net of tax		**(115,763)**	7,570
— Currency translation differences		**(65,111)**	8,607
Other comprehensive (loss)/income for the period, net of tax		**(180,874)**	16,177
Total comprehensive income for the period		**2,243,285**	1,716,809
Total comprehensive income/(loss) for the period attributable to:			
— Owners of the Company		**2,044,141**	1,042,443
— Holders of perpetual capital instruments	15	**199,917**	677,368
— Non-controlling interests		**(773)**	(3,002)
		2,243,285	1,716,809

The notes on pages 28 to 59 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Changes in Equity

(All amounts in RMB Yuan thousands unless otherwise stated)

	Unaudited							
	Attributable to owners of the Company							
	Share capital	Shares held for Share Award Scheme	Other reserves	Retained earnings	Total	Perpetual capital instruments	Non-controlling interests	Total equity
Balance at 1 January 2016	**805,592**	**(88,947)**	**4,590,948**	**35,404,023**	**40,711,616**	**7,977,869**	**527,895**	**49,217,380**
Total comprehensive income for the period ended 30 June 2016	**—**	**—**	**(180,874)**	**2,225,015**	**2,044,141**	**199,917**	**(773)**	**2,243,285**
Transactions with owners								
Acquisition of subsidiaries	**—**	**—**	**—**	**—**	**—**	**—**	**(218,755)**	**(218,755)**
Capital contributions from non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**10,000**	**10,000**
Disposals of shares held for Share Award Scheme (Note 14)	**—**	**88,947**	**44,570**	**—**	**133,517**	**—**	**—**	**133,517**
Additions of perpetual capital instruments (Note 15)	**—**	**—**	**—**	**—**	**—**	**2,400,000**	**—**	**2,400,000**
Redemptions of perpetual capital instruments (Note 15)	**—**	**—**	**—**	**—**	**—**	**(7,900,000)**	**—**	**(7,900,000)**
Distributions to holders of perpetual capital instruments (Note 15)	**—**	**—**	**—**	**—**	**—**	**(273,719)**	**—**	**(273,719)**
Total transactions with owners	**—**	**88,947**	**44,570**	**—**	**133,517**	**(5,773,719)**	**(208,755)**	**(5,848,957)**
Balance at 30 June 2016	**805,592**	**—**	**4,454,644**	**37,629,038**	**42,889,274**	**2,404,067**	**318,367**	**45,611,708**
Balance at 1 January 2015	805,592	(128,711)	4,538,822	30,749,658	35,965,361	15,648,416	531,785	52,145,562
Total comprehensive income for the period ended 30 June 2015	—	—	16,063	1,026,380	1,042,443	677,368	(3,002)	1,716,809
Transactions with owners								
Disposals of shares held for Share Award Scheme (Note 14)	—	22,707	7,196	—	29,903	—	—	29,903
Redemptions of perpetual capital instruments (Note 15)	—	—	—	—	—	(5,625,000)	—	(5,625,000)
Distributions to holders of perpetual capital instruments (Note 15)	—	—	—	—	—	(696,400)	—	(696,400)
Total transactions with owners	—	22,707	7,196	—	29,903	(6,321,400)	—	(6,291,497)
Balance at 30 June 2015	805,592	(106,004)	4,562,081	31,776,038	37,037,707	10,004,384	528,783	47,570,874

The notes on pages 28 to 59 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Cash Flows

(All amounts in RMB Yuan thousands unless otherwise stated)

	Unaudited Six months ended 30 June	
	2016	2015
Cash flows from operating activities		
— Cash generated from operations	**4,136,858**	4,252,596
— Interest paid	**(2,706,815)**	(2,722,555)
— Enterprise income tax and land appreciation tax paid	**(2,664,662)**	(2,472,984)
Net cash used in operating activities	**(1,234,619)**	(942,943)
Cash flows from investing activities		
— Purchases of property, plant and equipment and land use rights	**(467,738)**	(633,953)
— Purchases of intangible assets	**(101,017)**	(94,213)
— Additions in investment properties	**—**	(76,773)
— Proceeds on disposals of property, plant and equipment	**29,819**	3,295
— Proceeds on disposals of investment properties	**—**	43,392
— Proceeds on disposals of intangible assets	**128,000**	—
— Acquisition of subsidiaries, net of cash acquired	**(115,165)**	—
— Prepayment for acquisition of a subsidiary	**—**	(281,990)
— Investments in available-for-sale financial assets and an associate	**(122,100)**	—
— Cash advanced to joint ventures and associates	**—**	(520,172)
— Cash repayments from joint ventures and associates	**—**	349,202
— Dividends received on available-for-sale financial assets	**13,204**	—
— Decrease in time deposits	**392,279**	—
— Interest received	**78,965**	63,596
Net cash used in investing activities	**(163,753)**	(1,147,616)
Cash flows from financing activities		
— Proceeds from borrowings, net of transaction costs	**40,310,909**	16,928,095
— Proceeds from issuance of perpetual capital instruments	**2,400,000**	—
— Redemptions of perpetual capital instruments	**(7,900,000)**	(5,625,000)
— Repayments of borrowings	**(18,132,030)**	(9,839,149)
— Repayments of finance lease liabilities	**(25,111)**	(25,111)
— Increase in guarantee deposits for borrowing	**(30,911)**	(190,437)
— Proceeds from disposals of shares held for Share Award Scheme	**133,517**	29,903
— Capital contributions from non-controlling interests	**10,000**	—
— Distributions paid to holders of perpetual capital instruments	**(273,719)**	(696,400)
Net cash generated from financing activities	**16,492,655**	581,901
Net increase/(decrease) in cash and cash equivalents	**15,094,283**	(1,508,658)
Cash and cash equivalents at the beginning of the period	**13,970,313**	13,490,425
Exchange (losses)/gains	**(88,988)**	6,722
Cash and cash equivalents at the end of the period	**28,975,608**	11,988,489

The notes on pages 28 to 59 form an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

(All amounts in RMB Yuan thousands unless otherwise stated)

1. GENERAL INFORMATION

Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") are mainly engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the PRC. The address of its registered office is 45–54/F, R&F Center, No.10 Hua Xia Road, Guangzhou 510623, the PRC.

The shares of the Company have been listed on The Main Board of Stock Exchange of Hong Kong Limited since 14 July 2005.

This condensed consolidated interim financial information is presented in RMB Yuan thousands (RMB'000), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 24 August 2016.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

(a) New and amended standards adopted by the Group

The following new and amended standards are mandatory for the first time for the financial year beginning on 1 January 2016.

Standards/Interpretations	Subject of amendment
HKFRS 14	Regulatory deferral accounts
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: bearer plants
Amendment to HKAS 27	Equity method in separate financial statements
Annual improvements 2014	Annual improvements 2012–2014 cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception
Amendments to HKAS 1	Disclosure initiative

The adoption of the above new and amended standards did not have a material impact on the Group.

3. ACCOUNTING POLICIES (Continued)

(b) New and amended standards that have been issued and are effective for periods commencing on or after 1 January 2017 and have not been early adopted by the Group

Standards	**Subject of amendment**	**Effective for annual periods beginning on or after**
Amendments to HKAS 12	Income taxes	1 January 2017
Amendments to HKAS 7	Statement of cash flows	1 January 2017
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 16	Leases	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted in.

Taxes on income in the interim periods are accrued using the average tax rate that would be applicable to expected total annual taxable profit.

4. ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2015.

There have been no changes in the risk management policies since 31 December 2015.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.2 Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents, including proceeds from pre-sale of properties, short-term and long-term borrowings, available funding through adequate amount of credit lines for which the Group has obtained non-binding letters of intent or strategic cooperation letters from certain domestic banks, to meet its construction and investment commitments.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include controlling investment in land bank, adjusting project development timetable to adapt to the changing local real estate market environment, implementing cost control measures, accelerating sales of properties with more flexible pricing, seeking joint venture partners to co-develop quality projects, disposing of certain investment properties with acceptable prices to the Group. The Group will, based on its assessment of the relevant costs and benefits, pursue such options as are appropriate.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 30 June 2016					
Borrowings (excluding finance lease liabilities) (Note (1))	**36,203,845**	**24,476,612**	**47,239,581**	**19,795,521**	**127,715,829**
Finance lease liabilities	**36,930**	**—**	**—**	**—**	**36,930**
Financial liabilities as included in accruals and other payables (excluding accruals for staff costs and allowance and other taxes payable)	**6,740,564**	**—**	**—**	**—**	**6,740,564**
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**25,781,726**	**—**	**—**	**—**	**25,781,726**
Guarantees in respect of borrowings of joint ventures and associates	**1,474,669**	**805,807**	**600,856**	**—**	**2,881,332**
At 31 December 2015					
Borrowings (excluding finance lease liabilities) (Note (1))	38,298,777	21,970,877	26,263,794	9,844,855	96,378,303
Finance lease liabilities	50,222	12,557	—	—	62,779
Financial liabilities as included in accruals and other payables (excluding accruals for staff costs and allowance and other taxes payable)	6,958,491	—	—	—	6,958,491
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	23,530,047	—	—	—	23,530,047
Guarantees in respect of borrowings of joint ventures and an associate	1,891,734	1,203,504	415,648	—	3,510,886

Note:

(1) Interest on borrowings is calculated on borrowings held as at 30 June 2016 and 31 December 2015 respectively. Floating-rate interest is estimated using the current interest rate as at 30 June 2016 and 31 December 2015 respectively.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.3 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group will consider the macro economic conditions, prevailing borrowing rate in the market and adequacy of cash flows generated from operations and may raise funding through capital markets or bank borrowings as necessary.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents, restricted cash and time deposits.

The gearing ratio is calculated as follows:

	As at	
	30 June 2016	31 December 2015
Total borrowings (Note 16)	**107,770,022**	82,438,640
Less: cash and cash equivalents	**(28,975,608)**	(13,970,313)
restricted cash	**(8,259,825)**	(6,814,094)
time deposits	**(107,721)**	(500,000)
Net debt	**70,426,868**	61,154,233
Total equity	**45,611,708**	49,217,380
Gearing ratio	**154.4%**	124.3%

(All amounts in RMB Yuan thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.4 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value, categorised into three different levels within a fair value hierarchy based on the type of input to valuation techniques used to estimate the fair value. The different levels have been defined as follows:

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

As at 30 June 2016 and 31 December 2015, the Group's financial assets that are measured at fair value are available-for-sale financial assets, which are categorised as level 3.

There were no transfers between level 1, level 2 and level 3 and no changes in valuation techniques during the period.

Level 3 financial instruments

	Six months ended 30 June	
	2016	2015
Available-for-sale financial assets		
Opening balance	**645,140**	535,477
Additions	**102,100**	—
Fair value (losses)/gains recognised as other comprehensive income	**(154,350)**	10,093
Closing balance	**592,890**	545,570

The fair value of the Group's major available-for-sale financial assets was revalued on 30 June 2016 by an independent and professionally qualified valuer. The valuation is performed based on the market approach by reference to quoted market prices for similar instruments, maximising the use of observable market data where it is available and relying as little as possible on entity specific estimates. The available-for-sale financial assets were included in level 3 as the valuation involves the use of certain factors (unobservable inputs) to adjust the data derived from increasingly volatile markets to arrive at the estimated fair value for these unquoted equity investments. The fair value gain on the equity investments was included in "other comprehensive income".

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.5 Fair value of financial assets and liabilities measured at amortised cost

The fair values and carrying amounts of corporate bonds and senior notes are disclosed in Note 16.

The fair values of the following financial assets and liabilities approximate their carrying amounts:

- Trade and other receivables
- Restricted cash
- Time deposits
- Cash and cash equivalents
- Accruals and other payables
- Borrowings except corporate bonds and senior notes
- Financial lease liabilities

6. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

As almost the entire Group's consolidated revenue and results are attributable to the market in the PRC and almost all of the Group's consolidated assets are located in the PRC, the Executive Directors consider the business mainly from product perspective. The Group is principally engaged in the property development, property investment and hotel operations. Other services provided by the Group mainly represent property management and property agency. The results of these operations are included in the "all other segments" column.

The Executive Directors assess the performance of the operating segments based on a measure of profit for the period. The information provided to the Executive Directors is measured in a manner consistent with that in the financial statements.

(All amounts in RMB Yuan thousands unless otherwise stated)

6. SEGMENT INFORMATION (Continued)

The segment information provided to the Executive Directors for the reportable segments for the six months ended 30 June 2016 and 2015 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Six months ended 30 June 2016					
Segment revenue	**20,495,398**	**433,745**	**664,262**	**931,532**	**22,524,937**
Inter-segment revenue	**—**	**(33,616)**	**(28,563)**	**(73,323)**	**(135,502)**
Revenue from external customers	**20,495,398**	**400,129**	**635,699**	**858,209**	**22,389,435**
Profit/(loss) for the period	**2,070,208**	**693,768**	**(113,501)**	**(226,316)**	**2,424,159**
Finance costs	**(772,994)**	**(58,165)**	**(94,013)**	**(75,702)**	**(1,000,874)**
Share of results of joint ventures	**178,463**	**—**	**—**	**—**	**178,463**
Share of results of associates	**(14,501)**	**—**	**—**	**(353)**	**(14,854)**
Income tax (expenses)/credits	**(1,485,810)**	**(229,782)**	**37,834**	**70,144**	**(1,607,614)**
Depreciation and amortisation	**(108,290)**	**—**	**(156,128)**	**(35,997)**	**(300,415)**
(Allowance for)/reversal of impairment losses	**(14,235)**	**—**	**(235)**	**(21)**	**(14,491)**
Fair value gains on investment properties — net of tax	**—**	**538,360**	**—**	**—**	**538,360**

	Property development	Property investment	Hotel operations	All other segments	Group
Six months ended 30 June 2015					
Segment revenue	11,112,495	412,884	582,187	689,596	12,797,162
Inter-segment revenue	(6,889)	(26,314)	(14,129)	(30,690)	(78,022)
Revenue from external customers	11,105,606	386,570	568,058	658,906	12,719,140
Profit/(loss) for the period	1,223,308	751,195	(69,835)	(204,036)	1,700,632
Finance costs	(255,936)	(58,735)	(122,897)	(74,357)	(511,925)
Share of results of joint ventures	254,564	—	—	—	254,564
Share of results of associates	(4,770)	—	—	(330)	(5,100)
Income tax (expenses)/credits	(1,040,996)	(250,398)	23,278	76,635	(1,191,481)
Depreciation and amortisation	(94,681)	—	(96,474)	(29,666)	(220,821)
(Allowance for)/reversal of impairment losses	(3,156)	—	213	511	(2,432)
Fair value gains on investment properties — net of tax	—	590,029	—	—	590,029

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6. SEGMENT INFORMATION (Continued)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the condensed consolidated interim income statement.

	Property development	Property investment	Hotel operations	All other segments	Group
As at 30 June 2016					
Segment assets	**169,717,959**	**21,044,983**	**9,495,312**	**1,009,176**	**201,267,430**
Segment assets include:					
Interests in joint ventures	**6,211,190**	**—**	**—**	**—**	**6,211,190**
Interests in associates	**9,147**	**—**	**—**	**82,644**	**91,791**
Additions to non-current assets (other than financial instruments and deferred tax assets)	**303,884**	**1,075,918**	**209,549**	**100,575**	**1,689,926**
Segment liabilities	**36,897,598**	**—**	**292,975**	**476,805**	**37,667,378**
As at 31 December 2015					
Segment assets	152,617,182	19,251,951	6,854,021	1,069,451	179,792,605
Segment assets include:					
Interests in joint ventures	5,954,631	—	—	—	5,954,631
Interests in associates	8,056	—	—	62,996	71,052
Additions to non-current assets (other than financial instruments and deferred tax assets)	603,789	154,587	916,262	145,011	1,819,649
Segment liabilities	36,287,953	—	256,897	590,730	37,135,580

(All amounts in RMB Yuan thousands unless otherwise stated)

7. ACQUISITION OF HUIZHOU GOLDEN SWAN HOT SPRING CO., LTD.

On 5 February 2016, the Group completed an acquisition of 100% equity interests in Huizhou Golden Swan Hot Spring Co. Ltd. ("Golden Swan") from Mr. Li Sze Lim and Mr. Zhang Li at a consideration of RMB530,000,000. The acquisition is expected to enable the Group to take advantage of the evolving market trend in Huizhou and increase the diversity of the Group's hotel portfolio.

The following table summarises the consideration paid for Golden Swan, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	5 February 2016
Purchase consideration	
— Cash paid	530,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Fair value	
Cash and cash equivalents	8,552
Properties under development	791,344
Inventories	2,330
Tax prepayments	1,116
Property, plant and equipment	869,932
Land use rights	40,211
Interests in a joint venture	78,793
Trade and other receivables and prepayments	27,860
Accruals and other payables	(343,859)
Short-term borrowings	(549,400)
Long-term borrowings	(290,000)
Net deferred tax liabilities	(106,879)
Total identifiable net assets	530,000
Cash outflow on acquisition, net of cash acquired	
Total cash consideration	530,000
Less: cash consideration paid in prior years	(434,000)
Less: cash consideration to be paid as at 30 June 2016	(96,000)
Cash consideration paid in the six months ended 30 June 2016	—
Add: cash and cash equivalents in the subsidiary acquired	8,552
Cash inflow on acquisition in the six months ended 30 June 2016	8,552

7. ACQUISITION OF HUIZHOU GOLDEN SWAN HOT SPRING CO., LTD. (Continued)

(a) Acquired receivables

The fair value of trade and other receivables is RMB27,722,000 and includes trade receivables with a fair value of RMB5,958,000. The gross contractual amount for trade receivables due is RMB2,960,000, all of which is expected to be collectible.

(b) Revenue and profit contribution

The acquired business contributed revenue of RMB11,860,000 and net loss of RMB22,303,000 to the Group for the period from 5 February 2016 to 30 June 2016. Had Golden Swan been consolidated from 1 January 2016, the condensed consolidated interim income statement would show pro-forma revenue of RMB22,393,278,000 and profit of RMB2,417,706,000.

8. CAPITAL EXPENDITURE

			Property, plant and equipment		
	Intangible assets	**Investment properties**	**Owned assets**	**Assets acquired under finance lease**	**Land use rights**
Six months ended 30 June 2016					
At 1 January 2016	**1,034,849**	**19,251,951**	**8,706,730**	**303,134**	**1,264,041**
Additions	**101,017**	**1,075,918**	**322,846**	**5,017**	**185,128**
Currency translation differences	**(7)**	**—**	**684**	**—**	**—**
Acquisitions of subsidiaries	**180**	**—**	**871,082**	**—**	**49,811**
Disposals	**(34,301)**	**—**	**(5,656)**	**—**	**—**
Fair value gains (included in other income and other gains — net)	**—**	**717,114**	**—**	**—**	**—**
Depreciation and amortisation	**(38,694)**	**—**	**(226,678)**	**(12,720)**	**(22,323)**
At 30 June 2016	**1,063,044**	**21,044,983**	**9,669,008**	**295,431**	**1,476,657**
Six months ended 30 June 2015					
At 1 January 2015	977,958	18,047,632	7,167,364	328,277	1,198,045
Additions	94,213	76,773	722,639	—	2,800
Transfers from properties under development	—	—	116,412	—	13,404
Disposals	—	(55,920)	(2,109)	—	—
Fair value gains (included in other income and other gains — net)	—	786,705	—	—	—
Depreciation and amortisation	(30,082)	—	(168,236)	(12,571)	(21,739)
At 30 June 2015	1,042,089	18,855,190	7,836,070	315,706	1,192,510

8. CAPITAL EXPENDITURE (Continued)

(a) Fair value hierarchy

An independent valuation of the Group's investment properties was performed by independent and professionally qualified valuers to determine the fair values of the investment properties as at 30 June 2016, 30 June 2015 and 31 December 2015. The fair value gains or losses are included in "other income and other gains — net" (Note 18).

As at 30 June 2016, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the period.

(b) Valuation processes of the Group

The Group's investment properties were revalued on 30 June 2016 by independent and professionally qualified valuers not related to the Group, who hold a relevant recognised professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the chief financial officer ("CFO") and the audit committee. Discussions of valuation processes and results are held between the CFO, the valuation team and the independent valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each reporting date the finance department:

- Verifies all major inputs to the independent valuation reports;

- Assesses property valuations movements when compared to the prior year valuation reports;

- Holds discussion with the independent valuers.

Changes in level 2 and 3 fair values are analysed at each reporting date during the bi-annual valuation discussions between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

(c) Valuation techniques

For completed office and retail buildings, valuations are based on the term and reversionary method. This method is based on the tenancy schedules as at the respective valuation dates by adopting the term rates and the reversionary income potential with appropriate capitalisation rates for the remaining land use rights term, which are derived from the analysis of prevailing market rents and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have made reference to recent lettings, within the subject properties and other comparable properties.

For carparks, valuations are determined using the direct comparison method. Selling prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size.

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

8. CAPITAL EXPENDITURE (Continued)

(d) Information about fair value measurements using significant unobservable inputs (level 3)

- Term yield, reversionary yield and market rent

  For completed investment properties, increase in term yield and reversionary yields may result in decrease of fair value. Increase in market rent may result in increase of fair value.

9. INTERESTS IN JOINT VENTURES

	Six months ended 30 June	
	2016	2015
At 1 January	**5,954,631**	4,617,519
Acquisition of a subsidiary	**78,793**	—
Share of results	**178,463**	254,564
Elimination of unrealised profits	**(697)**	(797)
At 30 June	**6,211,190**	4,871,286

10. INTERESTS IN ASSOCIATES

	Six months ended 30 June	
	2016	2015
At 1 January	**71,052**	86,213
Addition	**20,000**	—
Share of results	**739**	(3,534)
At 30 June	**91,791**	82,679

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at	
	30 June 2016	31 December 2015
Trade receivables — net	**4,839,596**	4,864,843
Other receivables — net	**7,174,743**	5,884,946
Prepayments	**1,376,009**	2,587,669
Due from joint ventures (Note 24(g))	**1,883,274**	1,737,889
Due from associates (Note 24(g))	**2,430,314**	2,547,373
Total	**17,703,936**	17,622,720
Less: non-current portion	**(1,173,175)**	(4,046,552)
Current portion	**16,530,761**	13,576,168

(All amounts in RMB Yuan thousands unless otherwise stated)

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

As at 30 June 2016, trade receivables mainly arose from sales of properties. Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements.

	As at	
	30 June 2016	31 December 2015
Trade receivables	**4,868,145**	4,885,021
Less: allowance for impairment	**(28,549)**	(20,178)
	4,839,596	4,864,843

At 30 June 2016 and 31 December 2015, the ageing analysis of trade receivables is as follows:

	As at	
	30 June 2016	31 December 2015
0 to 90 days	**2,344,427**	2,879,142
91 to 180 days	**934,356**	346,186
181 to 365 days	**381,649**	515,746
1 year to 2 years	**408,070**	877,741
Over 2 years	**799,643**	266,206
	4,868,145	4,885,021

12. RESTRICTED CASH

	As at	
	30 June 2016	31 December 2015
Guarantee deposits for construction of pre-sold properties (Note (a))	**6,046,516**	4,663,642
Guarantee deposits for resettlement costs (Note (b))	**38,238**	45,585
Guarantee deposits for construction payables (Note (c))	**48,570**	35,996
Guarantee deposits for borrowings (Note (d))	**1,001,150**	970,239
Guarantee deposits for mortgage loans provided to customers (Note (e))	**35,931**	19,583
Guarantee deposits for interest of senior notes (Note (f))	**455,989**	583,515
Others (Note (g))	**633,431**	495,534
	8,259,825	6,814,094

Notes:

(a) In accordance with relevant documents issued by the local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related pre-sold properties.

(b) In accordance with relevant documents issued by the local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place at designated bank accounts the resettlement costs payable to the owners or residents of the existing buildings which are subject to demolition for development. The deposits can only be used for such resettlement costs according to the payment schedule.

(c) According to relevant construction contracts, certain property development companies of the Group are required to place at designated bank accounts certain amount of the construction payable as deposits for potential default in payment. Such guarantee deposits will only be released after settlement of the construction payables.

(d) Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. Such guarantee deposits will only be released after full repayment of relevant borrowings.

(e) According to relevant contracts, certain property development companies of the Group are required to place at designated bank accounts certain amount as deposits for potential default in payment of mortgage loans advanced to property purchasers. Such guarantee deposits will only be released after full repayment of the mortgage loans.

(f) According to the relevant contract, the Group is required to place at a designated bank account certain cash deposits as security for payment of interest of senior notes. Such guarantee deposits will only be released after redemption of senior notes.

(g) Others mainly include guarantee deposits for letters of credit and salary payments for construction workers.

13. SHARE CAPITAL

	Number of shares (thousands)	Share capital
At 30 June 2016 and 31 December 2015		
— Domestic shares	2,207,109	551,777
— H shares*	1,015,258	253,815
	3,222,367	805,592

* H shares refer to the Company's shares listed on The Main Board of Stock Exchange of Hong Kong Limited.

As at 30 June 2016 and 31 December 2015, the registered, issued and fully paid capital of the Company was RMB805,592,000 divided into 3,222,367,000 shares, comprising 2,207,109,000 domestic shares and 1,015,258,000 H shares.

14. SHARES HELD FOR SHARE AWARD SCHEME

	Six months ended 30 June	
	2016	2015
At 1 January	**88,947**	128,711
Disposals of shares held for Share Award Scheme	**(88,947)**	(22,707)
At 30 June	—	106,004

On 23 August 2011, a Share Award Scheme (the "Scheme") was approved and adopted by the Board of Directors of the Company. The Scheme was terminated on 25 November 2013. No shares were awarded to eligible employees upon or prior to the termination of the Scheme.

As at 30 June 2016, all H shares held by the Scheme were disposed of.

15. PERPETUAL CAPITAL INSTRUMENTS

	Six months ended 30 June	
	2016	2015
At 1 January	**7,977,869**	15,648,416
Additions	**2,400,000**	—
Redemptions	**(7,900,000)**	(5,625,000)
Profit attributable to holders of perpetual capital instruments	**199,917**	677,368
Distributions to holders of perpetual capital instruments	**(273,719)**	(696,400)
At 30 June	**2,404,067**	10,004,384

The Perpetual Capital Instruments are jointly guaranteed by the Company and certain subsidiaries and secured by pledges of the shares of certain subsidiaries. There is no maturity date and the distribution payments can be deferred at the discretion of the Group. Therefore, the Perpetual Capital Instruments are classified as equity instruments and recorded in equity in the consolidated balance sheet.

(All amounts in RMB Yuan thousands unless otherwise stated)

16. BORROWINGS

	As at 30 June 2016	As at 31 December 2015
Non-current		
Long-term borrowings		
Bank borrowings (Note (a))		
— Secured	**33,656,560**	31,422,069
— Unsecured	**5,462,100**	6,177,530
	39,118,660	37,599,599
Corporate bonds (Note (b))		
— Unsecured	**33,707,496**	6,429,519
Senior notes (Note (c))		
— Secured	**10,506,758**	12,776,880
Other borrowings (Note (d))		
— Secured	**17,678,348**	19,010,527
— Unsecured	**1,900,000**	900,000
	19,578,348	19,910,527
Finance lease liabilities (Note (e))		
— Secured	**36,930**	60,519
Less: current portion of long-term borrowings	**(25,064,136)**	(27,017,646)
	77,884,056	49,759,398
Current		
Short-term borrowings		
Bank borrowings (Note (a))		
— Secured	**1,325,500**	37,500
— Unsecured	**423,000**	1,284,096
	1,748,500	1,321,596
Other borrowings (Note (d))		
— Secured	**1,640,000**	2,740,000
— Unsecured	**1,433,330**	1,600,000
	3,073,330	4,340,000
	4,821,830	5,661,596
Current portion of long-term borrowings	**25,064,136**	27,017,646
Total borrowings	**107,770,022**	82,438,640

16. BORROWINGS (Continued)

(a) Bank borrowings

(i) Movements in bank borrowings are analysed as follows:

	Six months ended 30 June	
	2016	2015
At 1 January	**38,921,195**	34,538,686
Additions	**8,386,179**	9,928,095
Acquisitions of subsidiaries	**2,779,910**	—
Repayments	**(9,220,124)**	(4,131,129)
At 30 June	**40,867,160**	40,335,652

(b) Corporate bonds

(i) 2015 Bonds

The Company issued 65,000,000 units of domestic bonds at a par value of RMB6.5 billion in the PRC on 13 July 2015 (the "2015 Bonds"). The 2015 Bonds were listed on the Shanghai Stock Exchange on 25 August 2015. The net proceeds of the 2015 Bonds, after deducting the transaction costs, amounted to RMB6,423,000,000.

The interest rate of the 2015 Bonds is fixed at 4.95% per annum. On the third anniversary of the issue date, the Company will have an option to increase the interest rate by up to 100 basis points for the remaining periods. The 2015 Bonds will mature after five years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

(ii) 2016 Bonds

The Company issued 60,000,000 units of domestic bonds at a par value of RMB6.0 billion in the PRC on 11 January 2016 (the "Original 2016 Bonds"). The Original 2016 Bonds were listed on the Shanghai Stock Exchange on 9 March 2016.

The Company further issued 36,000,000 units of domestic bonds at a par value of RMB3.6 billion in the PRC on 22 January 2016 (the "Additional 2016 Bonds I"). The Additional 2016 Bonds I were listed on the Shanghai Stock Exchange on 11 March 2016.

The interest rates of the Original 2016 Bonds and Additional 2016 Bonds I are fixed at 3.95% per annum. On the third anniversary of the issue date, the Company will have an option to increase the interest rates for the remaining periods. The Original 2016 Bonds and Additional 2016 Bonds I will mature after five years from the respective issue dates, and are puttable for early redemption at the principal amount upon the third anniversary of the respective issue dates.

The Company further issued 19,500,000 units of domestic bonds at a par value of RMB1.95 billion in the PRC on 7 April 2016 (the "Additional 2016 Bonds II"). The Additional 2016 Bonds II were listed on the Shanghai Stock Exchange on 3 May 2016.

16. BORROWINGS (Continued)

(b) Corporate bonds (Continued)

(ii) 2016 Bonds (Continued)

The interest rate of the Additional 2016 Bonds II is fixed at 3.48% per annum. On the third anniversary of the issue date, the Company will have an option to increase the interest rate for the remaining periods. The Additional 2016 Bonds II will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

The Company further issued 9,500,000 units of domestic bonds at a par value of RMB0.95 billion in the PRC on 7 April 2016 (the "Additional 2016 Bonds III" and, together with the Original 2016 Bonds, the Additional 2016 Bonds I and II, the "2016 Bonds"). The Additional 2016 Bonds III were listed on the Shanghai Stock Exchange on 3 May 2016.

The interest rate of the Additional 2016 Bonds III is fixed at 3.95% per annum. On the fifth anniversary of the issue date, the Company will have an option to increase the interest rate for the remaining periods. The Additional 2016 Bonds III will mature after seven years from the issue date, and are puttable for early redemption at the principal amount upon the fifth anniversary of the issue date.

The net proceeds of all the 2016 Bonds, after deducting the transaction costs, amounted to RMB12,382,400,000.

(iii) 2016 Non-public Bonds

The Company issued 46,000,000 units of domestic non-public bonds at a par value of RMB4.6 billion in the PRC on 16 May 2016 (the "Original 2016 Non-public Bonds").

The interest rate of the Original 2016 Non-public Bonds are fixed at 5.20% per annum. On the third anniversary of the issue date, the Company will have an option to increase the interest rate for the remaining periods. The Original 2016 Non-public Bonds will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

The Company further issued 104,000,000 units of domestic non-public bonds at a par value of RMB10.4 billion in the PRC on 30 May 2016 (the "Additional 2016 Non-public Bonds" and, together with the Original 2016 Non-public Bonds, the "2016 Non-public Bonds").

The interest rate of the Additional 2016 Non-public Bonds is fixed at 5.15% per annum. On the second anniversary of the issue date, the Company will have an option to increase the interest rate for the remaining periods. The Additional 2016 Non-public Bonds will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The net proceeds of the 2016 Non-public Bonds, after deducting the transaction costs, amounted to RMB14,878,000,000.

The fair values of the 2015 Bonds and 2016 Bonds as at 30 June 2016 amounted to RMB19,354,000,000. The fair values were determined by reference to the price quotations published on 30 June 2016 and were within level 1 of the fair value hierarchy.

The fair value of the 2016 Non-public Bonds as at 30 June 2016 amounted to RMB15,218,641,000. The fair values were based on cash flows discounted at the borrowing rate of 4.9% and 4.75%, respectively, and were within level 2 of the fair value hierarchy.

16. BORROWINGS (Continued)

(b) Corporate bonds (Continued)

The movements of corporate bonds are set out below:

	Six months ended 30 June	
	2016	2015
At 1 January	**6,429,519**	—
Issuance of 2016 Bonds	**12,382,400**	—
Issuance of 2016 Non-public Bonds	**14,878,000**	—
Interest charged (Note 19)	**453,622**	—
Interest included in other payables	**(436,045)**	—
At 30 June	**33,707,496**	—

(c) Senior notes

The senior notes are the only direct, unsubordinated, unconditional and secured obligations of the relevant issuers.

(i) 2011 Notes

On 29 April 2011, a subsidiary of the Group, Big Will Investments Limited ("Big Will") issued 10.875% senior notes due 29 April 2016 in the aggregate nominal value of USD150,000,000 (equivalent to approximately RMB979,500,000) at par (the "2011 Notes"). The net proceeds of the 2011 Notes, after deducting the transaction costs, amounted to RMB963,828,000.

On 29 April 2016, Big Will redeemed the 2011 Notes in full at a redemption price equal to 100% of the principal amount of the 2011 Notes outstanding thereof which amounted to RMB994,680,000 plus the accrued and unpaid interest of RMB52,680,000 as of 29 April 2016.

(ii) 2012 Notes

On 29 August 2012, Big Will issued 10.875% senior notes due 29 April 2016 in the aggregate principal amount of USD238,000,000 (equivalent to approximately RMB1,509,000,000) with the issue price 97.061% of the principal amount, plus accrued interest from (and including) 29 April 2012 to (but excluding) 29 August 2012 (the "2012 Notes"). The net proceeds of the 2012 Notes, after deducting the transaction costs, amounted to RMB1,436,117,000.

On 29 April 2016, Big Will redeemed the 2012 Notes in full at a redemption price equal to 100% of the principal amount of the 2012 Notes outstanding thereof which amounted to RMB1,578,225,600 plus the accrued and unpaid interest of RMB83,586,000 as of 29 April 2016.

(All amounts in RMB Yuan thousands unless otherwise stated)

16. BORROWINGS (Continued)

(c) Senior notes (Continued)

(iii) 2013 Notes

On 24 January 2013, a subsidiary of the Group, Caifu Holdings Limited ("Caifu") issued 8.75% senior notes due 24 January 2020 in the aggregate nominal value of USD400,000,000 (equivalent to approximately RMB2,511,000,000) at par (the "Original Notes").

On 6 February 2013, Caifu further issued 8.75% senior notes due 24 January 2020 in the aggregate principal amount of USD200,000,000 (equivalent to approximately RMB1,258,000,000) with the issue price 100.5% of the principal amount, plus accrued interest from (and including) 24 January 2013 to (but excluding) 6 February 2013 (the "Additional Notes" and, together with the Original Notes, the "2013 Notes"). The net proceeds of the 2013 Notes, after deducting the transaction costs, amounted to RMB3,708,031,000.

Caifu may at its option redeem the 2013 Notes, in whole or in part, on or after 24 January 2017, or in whole but not in part, prior to 24 January 2017, at a redemption price set forth in the offering memorandums of the 2013 Notes.

(iv) 2014 Notes

On 10 January 2014, a subsidiary of the Group, Trillion Chance Limited ("Trillion Chance") issued 8.5% senior notes due 10 January 2019 in the aggregate principal amount of USD1,000,000,000 (the "2014 Notes"). The net proceeds of the 2014 Notes, after deducting the transaction costs, amounted to RMB5,991,541,000.

Trillion Chance may at its option redeem the 2014 Notes, in whole or in part, on or after 10 January 2017, or in whole but not in part, prior to 10 January 2017, at a redemption price set forth in the offering memorandums of the 2014 Notes.

The 2013 and 2014 Notes are jointly guaranteed by certain subsidiaries of the Group and are secured by shares of certain subsidiaries.

The effective interest rate of senior notes ranged from 8.87% to 12.25% (2015: 8.87% to 12.25%).

The movements of senior notes are set out below:

	Six months ended 30 June	
	2016	2015
At 1 January	**12,776,880**	11,987,708
Redemptions of the 2011 and 2012 Notes	**(2,572,906)**	—
Interest charged (Note 19)	**574,435**	560,392
Interest included in other payables	**(544,376)**	(528,170)
Foreign exchange losses/(gains)	**272,725**	(10,703)
At 30 June	**10,506,758**	12,009,227

The fair values of the senior notes as at 30 June 2016 amounted to RMB11,278,013,000 (31 December 2015: RMB13,252,554,000). The fair values were determined directly by reference to the price quotations published by Bloomberg on the last trading date of June 2016.

16. BORROWINGS (Continued)

(d) Other borrowings

Certain subsidiaries of the Group (the "Project Companies") have entered into funding arrangements with certain financial institutions (the "Trustees"), under which the Trustees have raised funds from third parties and injected the funds to the Project Companies.

One of the Trustees is managed by 廣州盛安創富投資管理有限公司, which is an associate of the Company and in which certain directors of the Company are also the minority shareholders.

The effective interest rate of these funding arrangements ranged from 5.23% to 13.18% (2015: 6.25% to 12.33%).

The movements of other borrowings are set out below:

	Six months ended 30 June	
	2016	2015
At 1 January	**24,250,527**	21,026,944
Additions	**4,664,330**	7,000,000
Acquisition of a subsidiary	**100,000**	—
Repayments	**(6,339,000)**	(5,708,020)
Interest charged (Note 19)	**1,045,370**	954,409
Interest included in other payables	**(1,069,549)**	(934,807)
At 30 June	**22,651,678**	22,338,526

(e) Finance lease liabilities

In April 2012, a subsidiary of the Company (the "Lessee") entered into an aircraft rental agreement with an independent third party under financial lease (the "Arrangement"). Under the Arrangement, the Lessee leased an aircraft for an agreed term of five years commencing 15 April 2012. Upon the maturity date of the lease, the Lessee has an option to purchase the aircraft for a consideration of RMB94,830,000.

	As at	
	30 June 2016	31 December 2015
Gross finance lease liabilities — minimum lease payments		
No later than 1 year	**37,668**	50,222
Later than 1 year and no later than 5 years	**—**	12,557
	37,668	62,779
Future finance charges on finance leases	**(738)**	(2,260)
Present value of finance lease liabilities	**36,930**	60,519
The present value of finance lease liabilities is as follows:		
No later than 1 year	**36,930**	48,176
Later than 1 year and no later than 5 years	**—**	12,343
	36,930	60,519

(All amounts in RMB Yuan thousands unless otherwise stated)

16. BORROWINGS (Continued)

(f) As at 30 June 2016, bank and other borrowings totalling RMB54,300,408,000 (31 December 2015: RMB53,210,096,000) of the Group were secured by the following:

	As at 30 June 2016	As at 31 December 2015
Land use rights	**910,538**	804,637
Property, plant and equipment	**4,507,948**	4,329,669
Investment properties	**15,553,021**	11,686,175
Properties under development	**34,072,013**	29,687,144
Completed properties held for sale	**906,712**	1,472,747
Restricted cash	**976,000**	817,000
Equity investments in subsidiaries	**3,001,002**	3,059,000
	59,927,234	51,856,372

(g) The majority of unsecured bank and other borrowings were supported by guarantees issued by the Company or subsidiaries. Details are as follows:

	As at 30 June 2016	As at 31 December 2015
Guarantors:		
— The Company	**6,300,100**	6,641,200
— Subsidiaries	**1,350,000**	1,561,096
	7,650,100	8,202,296

17. ACCRUALS AND OTHER PAYABLES

	As at	
	30 June 2016	31 December 2015
Amounts due to joint ventures (Notes (a) and 24(g))	**1,695,467**	2,032,153
Advance from a joint venture (Note 24(g))	**2,500**	13,720
Construction payables (Note (b))	**8,349,241**	9,144,332
Other payables and accrued charges (Note (c))	**7,661,613**	7,537,707
	17,708,821	18,727,912

(a) The amounts are unsecured, interest free and are repayable on demand.

(b) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis for trade payables is presented.

(c) The balance mainly represents interest payables, temporary receipts, accruals and other taxes payable excluding income tax.

18. OTHER INCOME AND OTHER GAINS — NET

	Six months ended 30 June	
	2016	2015
Fair value gains on investment properties — net	**717,114**	786,705
Other operating (expenses)/income	**(27,255)**	37,750
Dividends received on available-for-sale financial assets	**13,204**	—
Gains on disposals of property, plant and equipment	**24,163**	1,186
Gains on disposals of intangible assets	**93,699**	—
Losses on disposals of investment properties	**—**	(12,528)
Interest income	**78,965**	63,596
Others	**16,415**	23,276
	916,305	899,985

(All amounts in RMB Yuan thousands unless otherwise stated)

19. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
Interest expenses:		
— bank borrowings	**1,163,429**	1,296,058
— corporate bonds (Note 16 (b))	**453,622**	—
— senior notes (Note 16 (c))	**574,435**	560,392
— other borrowings (Note 16 (d))	**1,045,370**	954,409
— finance lease liabilities	**1,522**	3,397
	3,238,378	2,814,256
Net foreign exchange (gains)/losses	**(120,284)**	209,215
Less: finance costs capitalised	**(2,117,220)**	(2,511,546)
	1,000,874	511,925

20. INCOME TAX EXPENSES

	Six months ended 30 June	
	2016	2015
Current income tax		
— PRC enterprise income tax (Note (b))	**732,635**	428,515
Deferred income tax	**169,707**	219,737
	902,342	648,252
Current PRC land appreciation tax (Note (c))	**705,272**	543,229
Total income tax expenses	**1,607,614**	1,191,481

20. INCOME TAX EXPENSES (Continued)

(a) Hong Kong and overseas profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the year (2015: Nil).

(b) PRC enterprise income tax

The PRC enterprise income tax is computed according to the relevant laws and regulations in the PRC.

In respect of the applicable income tax rates for the six months ended 30 June 2016, except for certain companies in the Group which were taxed at 2%–3% (2015: 2%–3%) on their revenue, other businesses within the Group were primarily taxed at 25% (2015: 25%) on their profits.

(c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to the PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including costs of land use rights and development and construction expenditure.

21. DIVIDENDS

	Six months ended 30 June	
	2016	2015
Interim dividend of RMB0.30 (2015: RMB0.30) per ordinary share	**966,710**	966,710
Less: dividends for shares held by Share Award Scheme	**—**	(5,280)
	966,710	961,430

An interim dividend in respect of the six months ended 30 June 2016 of RMB0.30 per ordinary share, totalling RMB966,710,000 was proposed by the board of directors (six months ended 30 June 2015: RMB966,710,000). This interim dividend has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ending 31 December 2016.

(All amounts in RMB Yuan thousands unless otherwise stated)

22. FINANCIAL GUARANTEE CONTRACTS

The face values of the financial guarantees issued by the Group as at 30 June 2016 are analysed as follows:

	As at	
	30 June 2016	31 December 2015
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (Note (a))	**25,781,726**	23,530,047
Guarantees in respect of borrowings of joint ventures and associates (Notes (b))	**2,881,332**	3,510,886
	28,663,058	27,040,933

Notes:

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to the bank over the repayment obligations of the purchasers. Such guarantees terminate upon the earlier of (i) issuance of the certificate of real estate ownership which will generally be available within an average period of 25 months upon the completion of guarantee registration; or (ii) completion of mortgage registration.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loan and ends when the certificate of real estate ownership for the mortgagee is issued and submitted to the banks. The directors consider that the fair value of these contracts at date of inception was minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

(b) The balance represents the maximum exposure of the guarantee provided for joint ventures and associates for their borrowings.

23. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the period but not yet incurred is as follows:

	As at	
	30 June 2016	31 December 2015
Contracted but not provided for		
— Properties development activities	**12,020,186**	10,506,112
— Acquisitions of land use rights	**9,534,803**	12,676,645
	21,554,989	23,182,757

(b) Operating lease commitments

The future aggregate minimum lease payments for land use rights and buildings under non-cancellable operating leases are as follows:

	As at	
	30 June 2016	31 December 2015
Not later than one year	**32,969**	33,040
Later than one year and not later than five years	**47,625**	41,454
Over five years	**50,191**	53,538
	130,785	128,032

(All amounts in RMB Yuan thousands unless otherwise stated)

24. SIGNIFICANT RELATED-PARTY TRANSACTIONS

The major shareholders of the Group include Mr. Li Sze Lim and Mr. Zhang Li, who own 33.52% and 32.02%, respectively, of the Company's shares.

Transactions are based on the price lists in force and terms that would be available to third parties. The following transactions were carried out with related parties:

(a) Key management compensation

	Six months ended 30 June	
	2016	2015
Salaries and welfare benefits	**10,524**	8,946

(b) Provision of property management services

	Six months ended 30 June	
	2016	2015
A joint venture:		
天津津南新城房地產開發有限公司 ("津南新城")	**4,663**	3,762

(c) Provision of decoration, design and construction services

	Six months ended 30 June	
	2016	2015
Joint ventures:		
廣州市富景房地產開發有限公司 ("廣州富景")	**85,504**	89,598
貴州大西南房地產開發有限公司 ("貴州大西南")	**23,537**	6,550
廣州市森華房地產有限公司 ("森華房地產")	**8,449**	—
津南新城	**2,707**	351
廣西富雅投資有限公司 ("廣西富雅")	**943**	—
	121,140	96,499

24. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

(d) Purchase of installation services

	Six months ended 30 June	
	2016	2015
Controlled by an immediate family member of the major shareholder:		
廣州鉅融機電工程有限公司	**25,385**	999
Common shareholders:		
廣州越富環保科技有限公司	**5,485**	—
	30,870	999

(e) Acquisition of a subsidiary

On 5 February 2016, the Group completed an acquisition of 100% equity interests in Golden Swan from Mr. Li Sze Lim and Mr. Zhang Li at a consideration of RMB530,000,000. Details are disclosed in Note 7.

(f) Provision of guarantees for borrowings

The Group and certain other shareholders of the joint ventures and the associates have jointly provided guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purpose. As at 30 June 2016, the Group's guarantees for borrowings provided to its joint ventures and associates are shown as follows:

(i) Bank borrowings

	As at	
	30 June 2016	31 December 2015
Joint ventures:		
Charm Talent Limited	**317,307**	424,136
森華房地產	**153,800**	199,600
津南新城	**128,558**	128,558
廣西富雅	**125,000**	49,900
貴州大西南	**107,000**	120,000
	831,665	922,194
Associates:		
廣州利合房地產開發有限公司 ("廣州利合")	**421,860**	471,900
河南建業富居投資有限公司 ("河南建業")	**135,000**	—
	556,860	471,900
	1,388,525	1,394,094

(All amounts in RMB Yuan thousands unless otherwise stated)

24. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

(f) Provision of guarantees for borrowings (Continued)

(ii) Other borrowings

	As at 30 June 2016	As at 31 December 2015
A joint venture:		
上海城投悦城置業有限公司 ("上海悦城")	—	300,000
Associates:		
廣州利合	**1,026,000**	1,310,000
河南建業	**225,000**	225,000
	1,251,000	1,535,000
	1,251,000	1,835,000

(g) Balances with related parties

As at 30 June 2016, the Group had the following significant balances with related parties:

	As at 30 June 2016	As at 31 December 2015
Due from:		
Joint ventures		
— Non-trade balances		
津南新城	**1,173,176**	1,173,176
貴州大西南	**351,234**	241,234
Hines Shanghai New Jiangwan Development Co., Ltd.	**175,736**	170,330
廣州市騰順投資有限公司	**173,125**	153,146
廣西富雅	**10,003**	3
	1,883,274	1,737,889

24. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

(g) Balances with related parties (Continued)

	As at 30 June 2016	As at 31 December 2015
Due from:		
Associates		
— Non-trade balance		
廣州利合	**2,332,697**	2,439,377
河南建業	**97,617**	107,996
	2,430,314	2,547,373
	4,313,588	4,285,262

	As at 30 June 2016	As at 31 December 2015
Due to:		
Joint ventures		
— Non-trade balances		
上海悦城	**839,637**	1,119,637
廣州富景	**380,086**	442,062
森華房地產	**289,000**	239,000
和榮有限公司	**109,168**	231,454
北京盛興天和投資管理有限公司	**77,576**	—
	1,695,467	2,032,153

	As at 30 June 2016	As at 31 December 2015
Advance from:		
A joint venture		
貴州大西南	**2,500**	13,720

The non-trade balances with related parties are interest free, unsecured and have no fixed repayment terms. The trade balances with related parties are interest free, unsecured and settled according to contract terms.

25. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 29 June 2016, the Company issued 93,000,000 units of domestic corporate bonds with aggregate principal amount of RMB9.3 billion in the PRC (the "Bonds"). The Bonds will mature after four years from the date of issue. The net proceeds of the Bonds were received on 4 July 2016.

Supplementary Information

(All amounts in RMB Yuan thousands unless otherwise stated)

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the period ended 30 June 2016 in accordance with China Accounting Standards for Business Enterprises ("CAS"). The differences between the consolidated financial statements prepared under CAS and HKFRS are summarised as follows:

	Profit for the period ended 30 June		**Total equity as at**	
	2016	2015	**30 June 2016**	31 December 2015
As stated in accordance with CAS	**2,434,095**	1,719,431	**45,578,583**	49,174,319
Impact of HKFRS adjustments:				
1. Amortisation of revaluation gain arising from business combinations	**(13,248)**	(3,256)	**44,167**	57,415
2. Deferred taxation	**3,312**	(15,543)	**(11,042)**	(14,354)
As stated in accordance with HKFRS	**2,424,159**	1,700,632	**45,611,708**	49,217,380

Notes:

1. The Group adopted SSAP27 "Accounting for Group Reconstructions" for acquisition of certain subsidiaries before the issuance of Accounting Guideline 5 "Merger Accounting for Common Control Combinations" in November 2005. As the acquisitions did not meet the conditions for using merger accounting under SSAP 27, which prevented the use of predecessor costs when non-controlling interests or rights of the ultimate shareholder have changed, the Group adopted purchase method to account for the acquisitions.

2. It refers to the effects of deferred tax arising from the above adjustments and recognition of deferred tax due to tax rate difference.