



Ronshine China Holdings Limited

融信中國控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 3301



2016 INTERIM REPORT





CONTENTS

Corporate Information	2
Financial Highlights	4
Business Review and Outlook	5
Management Discussion and Analysis	13
Corporate Governance and Other Information	38
Interim Condensed Consolidated Income Statement	44
Interim Condensed Consolidated Statement of Comprehensive Income	45
Interim Condensed Consolidated Balance Sheet	46
Interim Condensed Consolidated Statement of Changes in Equity	48
Interim Condensed Consolidated Statement of Cash Flow	49
Notes to the Interim Condensed Consolidated Financial Information	51



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ou Zonghong
(Chairman and Chief Executive Officer)
Mr. Wu Jian *(Vice President)*
Mr. Lin Junling *(Vice President)*
Ms. Zeng Feiyan *(Chief Financial Officer)*

Independent Non-Executive Directors

Mr. Lo, Wing Yan William
Mr. Ren Yunan
Mr. Qu Wenzhou

AUDIT COMMITTEE

Mr. Qu Wenzhou *(Chairman)*
Mr. Lo, Wing Yan William
Mr. Ren Yunan

REMUNERATION COMMITTEE

Mr. Ren Yunan *(Chairman)*
Mr. Ou Zonghong
Mr. Qu Wenzhou

NOMINATION COMMITTEE

Mr. Ou Zonghong *(Chairman)*
Mr. Lo, Wing Yan William
Mr. Qu Wenzhou

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISERS

As to Hong Kong law:

Sidley Austin

As to Cayman Islands law:

Conyers Dill & Pearman

As to PRC law:

FenXun Partners

COMPLIANCE ADVISER

Guotai Junan Capital Limited

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

REGISTERED OFFICE

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

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

6th Floor, Tower T1, Hongqiao Vanke Centre
No.988 Shen Zhang Road
Minhang District
Shanghai
The People's Republic of China

**PRINCIPAL PLACE OF BUSINESS
IN HONG KONG**

18th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

JOINT COMPANY SECRETARIES

Ms. Zeng Feiyan
Ms. Ng Wing Shan (FCS, FICS)

AUTHORISED REPRESENTATIVES

Mr. Ou Zonghong
Ms. Ng Wing Shan

PRINCIPAL BANKERS

Bank of China Limited
(Pingtan Sub-branch)
Agricultural Bank of China Limited
(Hudong Sub-branch)
Industrial and Commercial Bank of China Limited
(Cangshan Sub-branch)

WEBSITE

www.rongxingroup.com

STOCK CODE

3301



FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of Ronshine China Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2016.

	For the six months ended 30 June		Change in percentage
	2016	2015	
Revenue (<i>RMB'000</i>)	6,983,410	2,106,515	231.5%
Cost of sales (<i>RMB'000</i>)	(5,698,424)	(1,485,204)	283.7%
Gross profit (<i>RMB'000</i>)	1,284,986	621,311	106.8%
Other income (<i>RMB'000</i>)	4,750	4,716	0.7%
Profit before income tax (<i>RMB'000</i>)	1,502,379	462,491	224.8%
Profit for the period (<i>RMB'000</i>)	1,016,794	281,084	261.7%
– attributable to owners of the Company (<i>RMB'000</i>)	858,164	288,806	197.1%
– attributable to non-controlling interests (<i>RMB'000</i>)	133,661	(7,722)	1,830.9%
– attributable to holders of Perpetual Capital Instruments (<i>RMB'000</i>)	24,969	—	N/A
	As at	As at	Change in
	30 June 2016	31 December 2015	percentage
Total assets (<i>RMB'000</i>)	63,267,434	34,796,870	81.8%
Total liabilities (<i>RMB'000</i>)	48,895,307	29,724,138	64.5%
Total equity (<i>RMB'000</i>)	14,372,127	5,072,732	183.3%
Capital and reserve attributable to owners of the Company (<i>RMB'000</i>)	7,036,343	4,302,522	63.5%

BUSINESS REVIEW AND OUTLOOK

SUMMARY OF PRINCIPAL PROPERTIES

The tables below set forth the details of the property development projects of the Group as at 30 June 2016.

Projects developed by the subsidiaries of the Group

As at 30 June 2016, the subsidiaries of the Group engaged in a total of 39 property development projects.

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate	Saleable GFA	Completion time/estimated completion time
						GFA (sq.m.)	remaining unsold (sq.m.)	
1	First City Rongxin Super Star City Phase I (融信•第一城一期)	Fuzhou	49,787.00	100%	Basement (including car parks)	92,665.70	151.80	October 2006
2	First City Rongxin Super Star City Phase III (融信•第一城三期)	Fuzhou	41,802.00	100%	Basement (including car parks)	92,558.00	161.79	April 2009
3	Rongxin Spanish (融信•西班牙)	Fuzhou	59,401.00	100%	Basement (including car parks)	109,760.90	—	September 2009
4	Broad View (融信•寬域)	Fuzhou	62,495.00	100%	Basement (including car parks)	163,238.10	164.71	May 2010
5	David City (融信•大衛城)	Fuzhou	191,254.70	100%	Residential	333,080.53	1,747.63	May 2013
					Commercial	8,930.21	3,326.91	
					Ancillary	23,796.02	—	
					Basement (including car parks)	64,548.26	9,686.71	
6	Lan County (融信•瀾郡)	Fuzhou	69,618.40	100%	Residential (Resettlement housing ^(Note 1))	193,020.52	—	August 2014
					Ancillary	6,287.15	—	
					Basement (including car parks)	70,551.34	30,578.42	
7	The White House (融信•白宮)	Fuzhou	111,320.48	80% ^(Note 2)	Residential	261,378.32	49,861.60	August 2017
					Commercial	2,941.52	2,092.61	
					Hotel	39,035.15	—	
					Ancillary	14,450.42	—	
8	David City (融信•平潭大衛城)	Fuzhou	134,789.00	51% ^(Note 2)	Residential	297,719.82	57,552.81	November 2016
					Commercial	34,947.11	29,920.04	
					Ancillary	9,327.37	—	
					Basement (including car parks)	85,764.37	55,645.38	
9	The Coast (融信•後海)	Fuzhou	49,959.00	100%	Residential (Resettlement housing ^(Note 1))	121,104.63	—	September 2016
					Commercial	3,000.00	2,928.00	
					Ancillary	3,675.15	—	
					Basement (including car parks)	38,199.70	4,784.00	
10	The Twin Harbour City (融信•雙杭城)	Fuzhou	259,519.00	100%	Residential	725,791.00	200,359.52	August 2018
					Commercial	117,987.37	115,670.84	
					Office	107,623.10	47,395.33	
					Ancillary	9,242.10	—	
					Basement (including car parks)	150,643.36	136,283.58	

BUSINESS REVIEW AND OUTLOOK

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
11	The Long Island (融信•長島)	Fuzhou	185,196.00	100%	Residential	513,573.23	287,379	January 2018
					Commercial	23,768	6,768	
					Office	17,317.10	17,317.10	
					Ancillary	44,929.99	—	
					Basement (including car parks)	148,514.75	129,290	
12	The Bund (融信•外灘)	Fuzhou	35,264.29	51%	Residential	116,231.20	116,231.20	November 2019
					Office	6,462.03	6,462.03	
					Commercial	3,001.77	3,001.77	
					Basement (including car parks)	29,728.00	29,728.00	
13	Hot Spring City (融匯•溫泉城)	Fuzhou	1,018,836.00	50%	Residential (Resettlement housing ^(Note 1))	443,495.00	314,630.97	December 2020
					Office	190,801.39	153,673.28	
					Hotel	381,667.08	381,667.08	
					Commercial	58,600.00	58,600.00	
					Ancillary	9,986.82	—	
					Basement (including car parks)	265,561.21	242,203.29	
14	Ocean City (融信•海上城)	Xiamen	151,344.19	100%	Commercial	4,335.72	107.90	October 2016
					Office	252,579.04	38,482.52	
					Hotel	61,611.90	—	
					Ancillary	1,525.54	—	
					Basement (including car parks)	110,602.91	45,202.97	
15	Xiamen Bowan (廈門鮑灣)	Xiamen	39,715.25	100%	Residential	141,652.32	141,652.32	June 2020
					Commercial	680.08	680.08	
					Basement (including car parks)	28,582.00	28,582.00	
16	Lan Garden (融信•瀾園)	Zhangzhou	56,765.70	100%	Residential	252,095.00	800.00	December 2015
					Ancillary	11,324.00	—	
					Basement (including car parks)	58,872.00	4,641.90	
17	Festival City (融信•觀山海)	Zhangzhou	94,190.00	100%	Residential	202,592.43	28,254.51	November 2016
					Commercial	6,790.83	6,722.92	
					Ancillary	1,410.36	—	
					Basement (including car parks)	66,595.34	62,920.40	
18	Future City (融信•未來城)	Zhangzhou	41,644.64	100%	Residential (Resettlement housing ^(Note 1))	109,824.00	20,590.05	August 2016
					Commercial	4,957.00	2,272.15	
					Ancillary	3,777.00	—	
					Basement (including car parks)	36,866.00	31,336.10	
19	College City (學院名築)	Zhangzhou	71,217.99	100%	Residential	135,149.00	12,570.94	January 2018
					Commercial	3,150.00	3,049.00	
					Ancillary	4,436.00	—	
					Basement (including car parks)	38,298.24	37,532.28	
20	Zhangzhou Harbor B8 Lot (漳州港B8)	Zhangzhou	69,988.00	100%	Residential	97,849.34	46,587.41	December 2018
					Commercial	1,205.00	1,180.90	
					Ancillary	8,220.34	—	
					Basement (including car parks)	31,311.79	23,483.84	

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
21	Imperial Villa (融信• 鉅灣)	Shanghai	121,376.80	51%(Note 2)	Residential (Resettlement housing ^(Note 1))	122,466.08	36,569.69	December 2016
					Commercial	1,101.00	1,101.00	
					Ancillary	2,149.00	—	
					Basement (including car parks)	78,055.92	60,883.62	
22	Platinum (融信• 鉅爵)	Shanghai	21,195.60	51%	Residential (Resettlement housing ^(Note 1))	43,895.47	43,895.47	December 2018
					Commercial	19,690.53	19,690.53	
					Basement (including car parks)	38,218.00	38,218.00	
23	Blue Peacock Phase I (杭州藍孔雀一期)	Hangzhou	28,215.00	51%(Note 2)	Residential	81,755.26	1,658.92	September 2016
					Commercial	5,023.89	4,773.89	
					Ancillary	3,507.30	—	
					Basement (including car parks)	33,890.35	12,972.28	
24	Blue Peacock Phase II (杭州藍孔雀二期)	Hangzhou	56,521.00	51%(Note 2)	Residential	139,985.72	59,198.00	December 2016
					Commercial	11,826.60	11,671.00	
					Ancillary	2,843.00	—	
					Basement (including car parks)	57,160.00	46,445.00	
25	Hangzhou Mansion (杭州公館)	Hangzhou	45,573.99	100%	Residential (Resettlement housing ^(Note 1))	129,188.91	70,440.09	September 2016
					Ancillary	7,218.93	—	
					Basement (including car parks)	76,421.23	57,315.92	
26	Lan Sky (融信• 瀾天)	Hangzhou	71,488.00	51%	Residential	137,856.80	137,856.80	December 2018
					Commercial	15,890.00	15,890.00	
					Ancillary	5,153.20	—	
					Basement (including car parks)	43,992.00	43,992.00	
27	Yongxing Capital (融信• 永興首府)	Hangzhou	44,307.00	26%(Note 3)	Residential	105,276.80	105,276.80	December 2018
					Ancillary	1,060.00	—	
					Basement (including car parks)	22,126.00	22,126.00	
28	Xiaoshan Residence (融信• 蕭山公館)	Hangzhou	41,642.00	75%	Residential	91,621.40	91,621.40	March 2019
					Ancillary	2,490.00	—	
					Basement (including car parks)	20,225.00	20,225.00	
29	Jingkai Project (經開地塊)	Hangzhou	42,709.00	26%(Note 3)	Residential	104,637.05	104,637.05	June 2019
					Ancillary	2,135.45	—	
					Basement (including car parks)	23,098.14	23,098.14	
30	Yinhe Primary School Project (銀河小學地塊)	Hangzhou	43,686.00	51%	Residential (Resettlement housing ^(Note 1))	117,952.20	117,952.20	June 2019
					Commercial	10,505.80	10,505.80	
					Ancillary	2,600.00	—	
					Basement (including car parks)	25,949.48	25,949.48	
31	Qinglong Project (慶隆地塊)	Hangzhou	27,845.00	51%	Residential (Resettlement housing ^(Note 1))	74,515.00	74,515.00	June 2019
					Ancillary	1,300.00	—	
					Basement (including car parks)	14,903.00	14,903.00	
32	Beyond City (世歐彼岸城) ^(Note 4)	Fuzhou	152,995.00	50%	Residential	271,376.48	—	May 2011
					Commercial	7,822.00	707.41	
					Basement (including car parks)	23,417.43	1,219.21	

BUSINESS REVIEW AND OUTLOOK

				Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
Project	Location	Total site area (sq.m.)						
33	Riverside City (世歐上江城) ^(Note 4)	Fuzhou	82,374.70	50%	Residential	201,115.78	142.65	April 2013
					Commercial	5,118.17	178.01	
					Basement (including car parks)	30,748.80	4,493.95	
34	Lan Hill (世歐瀾山) ^(Note 4)	Fuzhou	48,313.00	50%	Residential	120,129.88	—	February 2015
					Commercial	4,091.18	2,141.98	
					Ancillary	3,716.62	—	
35	Show Kingdom (世歐王莊) ^(Note 4)	Fuzhou	250,708.48	50%	Residential (Resettlement housing ^(Note 1))	987,019.88	60,393.57	December 2015
					Commercial (Resettlement housing ^(Note 1))	143,288.08	12,944.21	
					Office	75,306.40	9,297.50	
					Ancillary	49,935.36	—	
					Basement (including car parks)	354,668.82	88,366.09	
36	Shanghai Huacao Lot I (閔行區華漕鎮MHPO- 1402單元41-02地塊) ^(Note 5)	Shanghai	26,360.30	50%	Office	66,918.38	53,801.60	March 2018
					Ancillary	1,038.91	—	
					Basement (including car parks)	29,283.68	23,426.94	
37	Shanghai Huacao Lot II (閔行區華漕鎮MHPO- 1402單元35-01地塊) ^(Note 5)	Shanghai	13,455.90	50%	Office	33,638.74	33,638.74	December 2018
					Ancillary	613.08	—	
					Basement (including car parks)	13,974.77	4,134	
38	Shanghai Huacao Lot III (閔行區華漕鎮MHPO- 1402單元36-01地塊) ^(Note 5)	Shanghai	10,994.90	25%	Office	27,057.41	27,057.41	December 2018
					Ancillary	807.03	—	
					Basement (including car parks)	9,708.45	9,708.45	
39	Shanghai Huacao Lot IV (閔行區華漕鎮MHPO- 1402單元42-01地塊) ^(Note 5)	Shanghai	30,921.50	50%	Commercial	18,207.65	8,940.40	December 2018
					Office	58,577.72	57,884.37	
					Ancillary	1,964.87	—	
					Basement (including car parks)	27,530.38	10,360.00	
Total:			3,954,790.81			11,612,513.38	5,576,269.75	
Attributable total^(Note 6):			2,779,515.09			8,465,872.53	3,970,945.99	

Projects developed by the joint ventures and an associated company of the Group

As at 30 June 2016, the joint ventures and an associated company of the Group engaged in a total of five property development projects.

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time	
<i>By the joint ventures of the Group</i>								
1	West Coast (融信•陽光城西海岸)	Fuzhou	124,827.28	50%	Residential	240,479.00	—	December 2016
					Commercial	33,721.00	20,046.21	
					Office	59,170.04	11,428.00	
					Ancillary	9,717.12	—	
					Basement (including car parks)	152,497.53	101,682.93	
2	Imperial Land (一品江山)	Zhangzhou	94,291.42	50%	Residential (Resettlement housing ^(Note 1))	229,365.84	147,221.20	April 2017
					Commercial	1,038.53	—	
					Ancillary	5,627.60	—	
					Basement (including car parks)	80,314.39	61,670.00	
3	French Legend (融信•法蘭西世家)	Shanghai	113,399.70	50%	Residential (Resettlement housing ^(Note 1))	114,032.32	22,797.00	March 2016
					Ancillary	34,757.79	—	
					Basement (including car parks)	26,073.32	25,583.00	
4	Shanghai Xujing Project (徐涇鎮會展中心)	Shanghai	184,292.80	50%	Commercial	141,794.13	108,279.15	August 2018
					Hotel	101,279.00	99,374.95	
					Office	318,148.00	231,209.24	
					Ancillary	11,382.00	—	
					Basement (including car parks)	238,546.00	238,546.00	
Total:		516,811.20			1,797,943.61	1,067,837.69		
Attributable total^(Note 6):		258,405.60			898,971.80	533,918.84		
<i>By an associated company of the Group</i>								
1	Zhangzhou Wanke City Phase 1 (漳州萬科城階段1)	Zhangzhou	235,606.37	20%	Residential (Resettlement housing)	735,881.70	303,760.28	December 2017
					Commercial (Resettlement housing)	32,680.55	29,890.79	
					Ancillary	7,847.16	—	
					Basement (including car parks)	263,812.02	236,311.65	
Total:		235,606.37			1,040,221.43	569,962.72		
Attributable total^(Note 6):		47,121.27			208,044.29	113,992.54		

Notes:

- (1) The Group cooperated or agreed to cooperate with local governments in constructing resettlement housing units adjacent to certain projects of the Group. The construction of such resettlement housing was typically included by the relevant local governments as part of the package for the acquisition of the related parcels of land for commercial development. Under such arrangement, the Group pays the relevant land premium and receives the land use rights certificates registered to the Group's name with respect to the land parcels underlying the resettlement properties during the construction phase, but are obligated to deliver the properties upon completion back to the local government. For further details of the construction of resettlement housing, please refer to the section headed "Business – Construction of Resettlement Housing" on pages 231 to 236 in the prospectus of the Company dated 31 December 2015 (the "**Prospectus**").
- (2) A portion of the equity interests of this project was transferred in favor of certain non-bank financial institutions under type (iii) financing arrangements.
- (3) These projects were 51% owned by Hemei (Shanghai) Property Development Co., Ltd., a 51% owned subsidiary of the Group.
- (4) These projects were developed by Fuzhou Shiou Property Development Co., Ltd. ("**Shiou Property**") and its subsidiaries (together, the "**Shiou Group**"). Shiou Property used to be a 50% owned joint venture of the Group. In March 2016, Shiou Property became a 50% non-wholly owned subsidiary of the Group as the Group obtained the controlling right on these projects. For further details, please refer to the section headed "Management Discussion and Analysis – Consolidation of the financial results of certain joint ventures – Consolidation of the financial results of Shiou Group" below.
- (5) These projects were developed by Shanghai Kaiyu Property Development Co., Ltd ("**Shanghai Kaiyu**"), Shanghai Kairi Property Development Co., Ltd. ("**Shanghai Kairi**"), Shanghai Kaichang Property Development Co., Ltd. ("**Shanghai Kaichang**") and Shanghai Kaichong Property Development Co., Ltd. ("**Shanghai Kaichong**", together with Shanghai Kaiyu, Shanghai Kairi and Shanghai Kaichang, the "**Huacao Joint Ventures**"). The Huacao Joint Ventures used to be the joint ventures of the Group with Greenland Property Group Company Limited ("**Greenland Group**") for certain property development projects in Huacao, Minhang District, Shanghai. In March 2016, the Huacao Joint Ventures became the subsidiaries of the Group as the Group obtained the controlling right on these projects. For further details, please refer to the section headed "Management Discussion and Analysis – Consolidation of the financial results of certain joint ventures – Consolidation of the financial results of the Huacao Joint Ventures" below.
- (6) As weighted by the Group's beneficial interest.

OVERVIEW AND OUTLOOK

Market and business review

The Group experienced strong growth in the first half of 2016. During the six months ended 30 June 2016, the Group's contracted sales and gross floor area sold amounted to RMB13.22 billion and 840,073 square meters, respectively, representing an increase of approximately 176.7% and 182.3%, respectively, as compared with that for the six months ended 30 June 2015. During the same period, the Group's total revenue, profit and profit attributable to Company's shareholders amounted to RMB6,983 million, RMB1,017 million and RMB858 million, respectively, representing an increase of approximately 231.5%, 261.7% and 197.1%, respectively, as compared with that for the six months ended 30 June 2015. As at 30 June 2016, the Group's gearing ratio was 0.90 times, representing a decrease of approximately 63.6% as compared with that at the beginning of the year. The Group will continue to adjust and optimise its capital structure and will strive to achieve a stable and sound financial foundation for the development of the Group's business going forward.

In recent years, international economic conditions continue to present various uncertainties and complications while the domestic Chinese economy has been undergoing important but lengthy structural adjustments. Faced with such challenges, the Chinese government has implemented various macroeconomic austerity measures and proceeded with extensive supply-side reforms to ensure the stable and sustainable development of the Chinese economy.

The Chinese real estate market has recovered since the second half of 2015, and continues to show stable and healthy growth in general. However, the recovery in the Chinese property market has varied greatly between regions. In particular, first-tier and second-tier cities continue to show strong demand in the property market as a result of rapid economic development and steady income growth. Consequently, competition for land acquisitions in such cities has become increasingly intense.

Thanks to the Group's past years of stable development, the Company successfully listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 13 January 2016 (the "**Listing Date**"), raising net proceeds of approximately HK\$1,780 million. One of the Company's principal operating subsidiaries, Rongxin (Fujian) Investment Company Limited ("**Rongxin Group**"), was also assigned "AA+" long term general corporate credit rating with a stable outlook by United Credit Ratings Co., Ltd. on 1 July 2016. During the six months ended 30 June 2016, the Group issued through Rongxin Group various tranches of domestic public and private corporate bonds on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, with an aggregate principal amount of RMB6.9 billion. The issuance of these domestic corporate bonds not only secured funding for the Group's development, but also reduced the Group's financing costs in line with its long-term interest.

The Group has been establishing footholds in first-tier and second-tier cities in China, including Shanghai, Hangzhou, Fuzhou and Xiamen, and will continue to actively explore opportunities in the core regions of the Yangtze River Delta. During the first half of 2016, the Group acquired nine land parcels located in first-tier and second-tier cities including Shanghai, Hangzhou, Fuzhou and Xiamen through public tendering. In view of the intense competition for land through public tendering in China, the Group also actively sought land merger and acquisition opportunities during the six months ended 30 June 2016, and successfully completed one land merger and acquisition transaction in March 2016 through the acquisition of a 50% equity interest in Fujian Ronghui Real Estate Company Limited.

As at 30 June 2016, the Group had a total land reserve of 9.28 million square meters (5.98 million square meters, after taken into account the interests of owners of the Company in the relevant projects) with an average land cost of approximately RMB6,009 per square meter. This will serve as a solid foundation for the Group's sustainable development and profitability in the future. In terms of asset values, over 60% of the Group's marketable properties were located in core cities on the Yangtze River Delta such as Shanghai and Hangzhou, and over 93% of the Group's marketable properties were located in cities such as Shanghai, Hangzhou, Fuzhou and Xiamen. Such distribution of the Group's property projects will place the Group in a favourable position to capture the opportunities arising from market differentiation and maintain rapid and stable growth.

Prospects

In furtherance of the Group's development, the Group acquired, during the first half of 2016, a number of quality land parcels in cities such as Hangzhou, Xiamen and Shanghai after carrying out the relevant detailed market research and surveys. In the future, the Group will continue to proactively explore opportunities in first-tier and second-tier Chinese cities that satisfied the requirements of the Company's development strategy, prudently evaluate the development potential of such cities, and establish strategic presence in suitable cities to expand the Group's businesses. The Group also intends to selectively acquire quality land reserves to realise the Group's strategic development goals while maintaining the healthy condition of the Group's financials.

The Group is committed to developing high quality property projects that serve as benchmarks for the industry. In recent years, the gradually rising land prices in core first and second tier cities have placed more demands on the product features of real estate enterprises. Going forward, the Company will further comprehensively enhance its product features in terms of product design, brand services, engineering quality and property services, and will invest in customer research to increase its product value, thereby improving the market competitiveness of the Group's products. At the same time, the Group will continue to optimise its cost structure through cost management so as to enhance profitability.

In respect of capital management, the Group will continue to actively develop various financing channels and strive towards an asset-light strategic model. By continuously optimising its capital structure and maintaining its alertness and sensitivity to developments in the capital markets, the Group will be able to seize on financing opportunities that lower financing costs and increase profitability. The Group will also maintain its prudent and stable fiscal policy to create a stable and sustainable return for investors.



MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF OPERATING RESULTS

	For the six months ended 30 June		Change in percentage
	2016	2015	
Contracted sales			
Contracted sales amount <i>(RMB'000)</i>	13,220,040	4,777,694	176.7%
Contracted gross floor area <i>(sq.m)</i>	840,073	297,557	182.3%
Average unit price of contracted sales <i>(RMB/sq.m)</i>	15,737	16,056	(2.0)%
Property delivered			
Revenue from delivery of properties <i>(RMB'000)</i>	6,865,200	2,073,632	231.1%
Delivered gross floor area <i>(sq.m)</i>	474,870	211,170	124.9%
Recognised average selling price of properties delivered <i>(RMB/sq.m)</i>	14,457	9,820	47.2%
Revenue <i>(RMB'000)</i>	6,983,410	2,106,515	231.5%
Cost of Sales <i>(RMB'000)</i>	(5,698,424)	(1,485,204)	283.7%
Gross profit <i>(RMB'000)</i>	1,284,986	621,311	106.8%
Other income <i>(RMB'000)</i>	4,750	4,716	0.7%
Profit before income tax <i>(RMB'000)</i>	1,502,379	462,491	224.8%
Profit for the period <i>(RMB'000)</i>	1,016,794	281,084	261.7%
– attributable to owners of the Company <i>(RMB'000)</i>	858,164	288,806	197.1%
– attributable to non-controlling interests <i>(RMB'000)</i>	133,661	(7,722)	1,830.9%
– attributable to holders of Perpetual Capital Instruments <i>(RMB'000)</i>	24,969	—	N/A
Gross profit margin ^{<i>(Note 1)</i>}	18.4%	29.5%	(37.6)%
Net profit margin ^{<i>(Note 2)</i>}	14.6%	13.3%	9.8%
Interest coverage ratio ^{<i>(Note 3)</i>}	2.56 times	1.42 times	80.3%

MANAGEMENT DISCUSSION AND ANALYSIS

	As at 30 June 2016	As at 31 December 2015	Change in percentage
Total assets (RMB'000)	63,267,434	34,796,870	81.8%
Total liabilities (RMB'000)	48,895,307	29,724,138	64.5%
Total equity (RMB'000)	14,372,127	5,072,732	183.3%
Capital and reserve attributable to owners of the Company (RMB'000)	7,036,343	4,302,522	63.5%
Current ratio ^(Note 4)	1.91 times	1.35 times	41.5%
Gearing ratio ^(Note 5)	0.90 times	2.47 times	(63.6)%

Notes:

- (1) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.
- (2) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.
- (3) The calculation of interest coverage ratio is based on (i) profit before income tax plus interest of bank and other borrowings less finance income and divided by (ii) interest of bank and other borrowings less finance income.
- (4) The calculation of current ratio is based on current assets divided by current liabilities.
- (5) The calculation of gearing ratio is based on total borrowings less restricted cash, cash and cash equivalents and term deposits with initial terms of over three months and divided by total equity.



PROPERTY DEVELOPMENT

Contracted Sales

For the six months ended 30 June 2016, the Group achieved contracted sales of RMB13,220.0 million, representing a growth of approximately 176.7% compared with RMB4,777.7 million for the six months ended 30 June 2015. This increase was mainly attributable to the increase in the total gross floor area (“GFA”) of the Group’s contracted sales by approximately 182.3% from 297,557 sq.m for the six months ended 30 June 2015 to 840,073 sq.m for the six months ended 30 June 2016.

The amount of the Group’s contracted sales in Shanghai, Hangzhou, Fuzhou, Xiamen and Zhangzhou accounted for (i) approximately 12.6%, 27.3%, 34.2%, 7.2% and 18.7% of the Group’s total contracted sales amount for the six months ended 30 June 2016, respectively, and (ii) approximately 6.3%, 13.9%, 38.3%, 5.8% and 35.7% of the Group’s total GFA of contracted sales for the six months ended 30 June 2016, respectively. The following table sets forth details of the contracted sales of the Group for the six month ended 30 June 2016:

	Amount	Percentage	GFA	Percentage	Average selling price
	<i>(RMB million)</i>	<i>(%)</i>	<i>(sq.m)</i>	<i>(%)</i>	<i>(RMB/sq.m)</i>
Shanghai	1,656.1	12.6	53,321	6.3	31,059
Hangzhou	3,607.6	27.3	116,521	13.9	30,961
Fuzhou	4,526.0	34.2	321,846	38.3	14,062
Xiamen	956.0	7.2	48,357	5.8	19,770
Zhangzhou	2,474.3	18.7	300,028	35.7	8,247
Total	13,220.0	100.0	840,073	100.0	15,737

Projects completed

For the six months ended 30 June 2016, the Group completed a total of eight projects or phases of projects, with total GFA of 857,356 sq.m. (566,817 sq.m., after taken into account the interests of owners of the Company in the relevant projects).

Projects under construction

As at 30 June 2016, the Group had a total of 22 projects or phases of projects under construction, with total planned GFA of 5,741,832 sq.m. (3,632,640 sq.m., after taken into account the interests of owners of the Company in the relevant projects).

Land reserve

During the six months ended 30 June 2016, there were a total of ten newly acquired land parcels with a total GFA of 2,601,540 sq.m. (1,359,890 sq.m., after taken into account the interests of owners of the Company in the relevant projects). The average cost of land parcels acquired was approximately RMB7,504 per sq.m..

The following table sets forth details of the Group's newly acquired land parcels during the six months ended 30 June 2016:

City	Project name	Date of acquisition	Site area (sq.m)	Total GFA (sq.m)	Total GFA of the owners of the Company interested (sq.m)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m)
Fuzhou	The Bund (融信•外灘)	3 February 2016	35,250	155,423	79,266	177	90	1,430
Fuzhou	Hot Spring City (融滙•溫泉城)	21 March 2016	1,018,836	1,350,112	675,056	1,746	873	1,610
Hangzhou	Lan Sky (融信•瀾天)	17 February 2016	63,560	202,892	103,475	912	465	5,739
Hangzhou	Yongxing Capital (融信•永興首府)	23 February 2016	44,307	128,463	33,400	1,390	361	13,076
Shanghai	Platinum (融信•鉑爵)	25 February 2016	21,196	101,804	51,920	980	500	15,409
Hangzhou	Xiaoshan Residence (融信•蕭山公館)	5 April 2016	41,642	114,336	85,752	1,700	1,275	18,559
Hangzhou	Qinglong Project (慶隆地塊)	20 May 2016	27,845	90,718	46,266	2,361	1,204	31,404
Xiamen	Xiamen Bowan (廈門鉑灣)	3 June 2016	39,715	170,914	170,914	2,634	2,634	23,207
Hangzhou	Jingkai Project (經開地塊)	15 June 2016	42,709	129,871	33,766	1,709	444	16,002
Hangzhou	Yinhe Primary School Project (銀河小學地塊)	20 June 2016	43,686	157,007	80,074	1,812	924	13,822
Total			1,378,746	2,601,540	1,359,890	15,421	8,771	7,504

As at 30 June 2016, the total GFA of the Group's land reserve was approximately 5.98 million sq.m, among which, approximately 3.63 million sq.m were under construction, and approximately 2.35 million sq.m were held for future development.

As at 30 June 2016, the cost per sq.m of the Group's land reserve was RMB6,009.5, of which, approximately 81.4% located in the prime area in the first-tier and second-tier cities in the PRC. The Directors believe that the relatively high-quality land reserve provides the Group with effective support of its high profitability in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth details of the land reserve of owners of the Company as at 30 June 2016:

Region	Name of project	Total land value (RMB10,000)	Total GFA of reserve (10,000 sq.m)	Average cost per sq.m (RMB/sq.m)
Shanghai	Imperial Villa (融信 • 鉑灣)	32,331	7.09	11,396
	Platinum (融信 • 鉑爵)	49,980	5.19	15,409
	Shanghai Xujing Project (徐涇鎮會展中心 3地塊一期、二期、三期、四期)	220,636	40.39	8,539
	French Legend (融信 • 法蘭西世家)	18,319	4.83	10,803
	Shanghai Huacao Lot I (閔行區華漕鎮MHPO-1402單元41-02地塊)	20,315	8.10	6,165 ^{Note}
	Shanghai Huacao Lot II (閔行區華漕鎮MHPO-1402單元35-01地塊)	10,110	2.41	6,018 ^{Note}
	Shanghai Huacao Lot III (閔行區華漕鎮 MHPO-1402單元36-01地塊)	4,193	0.94	6,098 ^{Note}
	Shanghai Huacao Lot IV (閔行區華漕鎮 MHPO-1402單元42-01地塊)	23,580	5.34	6,101 ^{Note}
	Hangzhou	Blue Peacock Phase 1 (融信 • 藍孔雀一期)	64,260	6.33
Blue Peacock Phase 2 (融信 • 藍孔雀二期)		112,200	10.80	14,966
Hangzhou Mansion (杭州公館)		338,437	22.88	25,717
Lan Sky (融信 • 瀾天)		46,512	10.35	5,739
Xiaoshan Residence (融信 • 蕭山公館)		127,517	8.58	18,559
Yongxing Capital (融信 • 永興首府)		36,154	3.34	13,076
Yinhe Primary School Project (銀河小學地塊)		92,412	8.01	13,822
Jingkai Project (經開地塊)		44,434	3.38	16,002
Fuzhou	Qinglong Project (慶隆地塊)	120,411	4.63	31,404
	The Twin Harbor City (融信 • 雙杭城)	562,000	111.13	6,065
	The Coast (融信 • 後海)	32,266	4.54	7,406
	The White House (融信 • 白宮)	8,958	6.63	3,584
	Pingtian David City (融信 • 平潭大衛城)	17,483	9.37	2,341
	The Long Island (融信 • 長島)	130,000	80.91	2,437
	West Coast (融信 • 陽光城西海岸)	4,292	9.39	910
	The Bund (融信 • 外灘)	9,002	7.93	1,430
	Hot Spring City (融信 • 溫泉城)	87,300	67.51	1,610 ^{Note}
Xiamen	Ocean City (融信 • 海上城)	19,307	18.32	1,989
	Xiamen Bowan (廈門鉑灣)	263,400	17.09	23,207
Zhangzhou	Future City (融信 • 未來城)	30,000	16.04	2,573
	Festival City (融信 • 觀山海)	31,951	27.74	1,549
	Imperial Land (一品江山)	26,000	15.82	2,206
	Zhangzhou Wanke City (漳州萬科城)	30,080	20.80	1,773
	College City (學院名築)	57,800	18.10	4,059
	Zhangzhou Harbor B8 Lot (漳州港B8)	51,800	13.86	4,868
Total		2,723,439	597.75	6,009

Note: It represents the original land costs of these projects only, and hasn't reflected the fair value upwards recognised upon the acquisitions or consolidations by the Group during the six months ended 30 June 2016.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2016, the Group derived its revenue from (i) the sales of properties in the PRC; (ii) certain construction contracts with local PRC governments with respect to the construction of resettlement housing and (iii) the rental income generated from the lease of investment properties. The following table sets forth the details of the Group's revenue recognised from such sources for the period indicated:

	For the six months ended 30 June		Change in percentage
	2016 RMB'000	2015 RMB'000	
Revenue			
Sales of properties	6,865,200	2,073,632	231.1%
Construction contracts ^(Note 1)	92,701	32,883	181.9%
Rental income ^(Note 2)	25,509	—	N/A
Total	6,983,410	2,106,515	231.5%

The revenue of the Group increased by approximately 231.5% from RMB2,106.5 million for the six months ended 30 June 2015 to RMB6,983.4 million for the six months ended 30 June 2016. This increase was mainly attributable to:

- (i) the increase in the total GFA of properties delivered by the Group by approximately 124.9% from 211,170 sq.m for the six months ended 30 June 2015 to 474,870 sq.m for the six months ended 30 June 2016;
- (ii) the increase in the recognised average selling price of properties delivered by the Group by approximately 47.2% from RMB9,820 per sq.m for the six months ended 30 June 2015 to RMB14,457 per sq.m for the six months ended 30 June 2016; and
- (iii) the recognition of a rental income of RMB25.5 million is mainly received from the shopping mall of Shiou Group after the Group has consolidated the Shiou Group in the period.

The following table sets forth the details of the Group's revenue by project for the period indicated:

Project name	For the six months ended 30 June			
	2016		2015	
	Area (sq.m)	Amount (RMB'000)	Area (sq.m)	Amount (RMB'000)
Pingtian David City (融信 • 平潭大衛城)	198,916	1,735,058	—	—
White House (融信 • 白宮)	104,669	1,578,962	—	—
Imperial Villa (融信 • 鉞灣)	61,296	1,526,997	—	—
Ocean City (融信 • 海上城)	42,627	782,294	—	—
The Coast (融信 • 後海)	36,469	583,500	—	—
Show Kingdom (世歐王莊)	26,608	596,565	—	—
Show Kingdom — Shiou Mall (世歐王莊—世歐廣場) (Note 2)	—	25,509	—	—
The Coast — Resettlement housing (融信 • 後海—安置房) (Note 1)	—	49,926	—	27,015
David City (融信 • 大衛城)	1,912	43,016	3,249	52,706
Hot Spring City — Resettlement housing (融滙 • 溫泉城—安置房) (Note 1)	—	37,892	—	—
Lan Garden (融信 • 瀾園)	1,925	9,361	169,566	1,313,698
Lan Hill (世歐瀾山)	304	7,734	—	—
Hangzhou Mansion — Resettlement housing (杭州公館—安置房) (Note 1)	—	4,883	—	5,868
Lan County (融信 • 瀾郡)	144	1,713	36,012	692,428
First City Rongxin Super Star City (融信 • 第一城)	—	—	2,222	13,947
Rongxin Spanish (融信 • 西班牙)	—	—	121	853
Total	474,870	6,983,410	211,170	2,106,515

Notes:

- (1) The Group cooperated or agreed to cooperate with local governments in constructing resettlement housing units adjacent to certain projects of the Group. The construction of such resettlement housing was typically included by the relevant local governments as part of the package for the acquisition of the related parcels of land for commercial development. Under such arrangement, the Group pays the relevant land premium and receives the land use rights certificates registered to the Group's name with respect to the land parcels underlying the resettlement properties during the construction phase, but are obligated to deliver the properties upon completion back to the local government. For further details of the construction of resettlement housing, please refer to the section headed "Business — Construction of Resettlement Housing" on pages 231 to 236 in the Prospectus.
- (2) The Group generated rental income from a shopping mall held by Shiou Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue generated from the sales of properties amounted to RMB6,865.2 million for the six months ended 30 June 2016. The following table sets forth the details of the revenue generated from the sales of properties of the Group by geographical location for the six month ended 30 June 2016:

For the six months ended 30 June 2016					
	Revenue	Percentage	GFA delivered by the Group	Percentage	Average selling price
	<i>(RMB million)</i>	<i>(%)</i>	<i>(sq.m)</i>	<i>(%)</i>	<i>(RMB/sq.m)</i>
Shanghai	1,527.0	22.2	61,295	12.9	24,912
Fuzhou	4,546.5	66.3	369,023	77.7	12,321
Xiamen	782.3	11.4	42,627	9.0	18,352
Zhangzhou	9.4	0.1	1,925	0.4	4,862
Total	6,865.2	100.0	474,870	100.0	14,457

Cost of sales

The Group's cost of sales increased by approximately 283.7% from RMB1,485.2 million for the six months ended 30 June 2015 to RMB5,698.4 million for the six months ended 30 June 2016. This increase was mainly attributable to the increase in the number of properties sold by the Group during the six months ended 30 June 2016.

The following table sets forth the details of the Group's cost of sales for the period indicated:

	For the six months ended 30 June		Change in percentage
	2016	2015	
	RMB'000	RMB'000	
Cost of sales			
Cost of properties sold	5,605,841	1,453,708	285.6%
Cost of construction contract	88,093	31,496	179.7%
Cost of rental income	4,490	—	N/A
Total	5,698,424	1,485,204	283.7%

Gross profit and gross profit margin

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit increased by approximately 106.8% from RMB621.3 million for the six months ended 30 June 2015 to RMB1,285.0 million for the six months ended 30 June 2016.

The Group's gross profit margin decreased from 29.5% for the six months ended 30 June 2015 to 18.4% for the six months ended 30 June 2016, primarily because the Group delivered proportionally more properties at comparatively lower profit margin in the first half of 2016 as compared to the properties which the Group delivered in the first half of 2015.

Other income

The Group's other income primarily includes (i) gains from certain cash management products; and (ii) deposits forfeited from some of the Group's prospective customers who breached the property purchase agreements. The Group's other income remained relatively stable and amounted to RMB4.7 million and RMB4.8 million for the six months ended 30 June 2015 and 2016, respectively.

Fair value gains

Due to the consolidation of the financial results of Shiou Group and the Huacao Joint Venture, the Group recorded fair value gains on the re-measurement of joint ventures of RMB278.1 million and a fair value gains on investment properties of RMB9.0 million. The following table sets forth the breakdown of these fair value gains:

	For the six months ended 30 June 2016 (RMB'000)
Fair value gains on the re-measurement of joint ventures	
Shiou Group	201,810
Huacao Joint Ventures	76,264
	<u>278,074</u>
Fair value gains on investment properties	
Shiou Group	<u>9,000</u>

For further details, please refer to the section headed "Management Discussion and Analysis — Consolidation of the financial results of certain joint ventures" below.

Selling and marketing costs

The Group's selling and marketing costs include (i) staff costs for sales personnel; (ii) advertisement expenses; (iii) office and travel expenses; (iv) property management fees; and (v) others costs including vehicle use fee, depreciation, amortisation and other miscellaneous fees and expenses.

The Group's selling and marketing costs increased by approximately 43.0% from RMB166.2 million for the six months ended 30 June 2015 to RMB237.6 million for the six months ended 30 June 2016, primarily due to the increases in marketing expenses and the number of the sales staff of the Group as a results of increased sales activities.

Administrative expenses

The Group's administrative expenses include (i) staff costs for administrative personnel; (ii) other taxes; (iii) listing expenses; (iv) office and travel expenses; (v) entertainment expenses; (vi) audit fees; (vii) office lease expenses; (viii) depreciation and amortisation; and (xi) others.

The Group's administrative expenses increased by approximately 53.0% from RMB119.8 million for the six months ended 30 June 2015 to RMB183.4 million for the six months ended 30 June 2016, mainly attributable to (i) the increase in the number of administrative staff due to the increase in the number of new projects and project under construction of the Group and (ii) the increase in donation by approximately 1,820.0% from RMB850,000 for the six months ended 30 June 2015 to RMB16.3 million for the six months ended 30 June 2016.

Finance income — net

Finance income primarily consists of interest income from bank deposits and foreign exchange gains. Finance income increased by approximately 627.4% from RMB5.7 million for the six months ended 30 June 2015 to RMB41.3 million for the six months ended 30 June 2016, primarily due to the increased bank deposits of the Group and foreign exchange gains.



Share of profits of investments accounted for using the equity method, net

The Group accounts for its interests in joint ventures and an associated company during the six months ended 30 June 2016 using equity methods. Share of profits of investments accounted for using the equity method, net represents the aggregate profits of such joint ventures and an associated company as weighted by the Group's respective shares of beneficial ownership.

The following table sets forth selected information on such joint ventures and associated company for the six months ended 30 June 2016:

Company	Beneficial ownership of the Group	Project	City
Shanghai Kaitai Property Development Co., Ltd. ("Shanghai Kaitai")	50%	Shanghai Xujing Project (徐涇鎮會展中心3地塊)	Shanghai
Shanghai Kaidai Property Development Co., Ltd. ("Shanghai Kaidai")	50%	French Legend (融信•法蘭西世家)	Shanghai
Fuzhou Liboshuntai Property Development Co., Ltd. ("Fuzhou Liboshuntai")	50%	West Coast (融信•陽光城西海岸)	Fuzhou
Hairong (Zhangzhou) Property Co., Ltd.	50%	Imperial Land (一品江山)	Zhangzhou
Zhangzhou City Wankebinjiang Property Co., Ltd. (Note 1)	20%	Zhangzhou Wanke City (漳州萬科城)	Zhangzhou

Note:

(1) Zhangzhou City Wankebinjiang Property Co., Ltd. is an associated company of the Group.

Among such joint ventures and associated company, the Group considers Shanghai Kaitai and Fuzhou Liboshuntai to be material to the Group for the six months ended 30 June 2016.

- As at or for the six months ended 30 June 2016, the total assets, total liabilities, net asset, revenue and net profit of Shanghai Kaitai amounted to RMB6,860.0 million, RMB4,691.7 million, RMB2,168.2 million, RMB654.2 million and RMB170.7 million, respectively (six months ended 30 June 2015: RMB6,753.9 million, RMB4,756.3 million, RMB1,997.6 million, nil and net loss of RMB4.2 million, respectively).
- As at or for the six months ended 30 June 2016, the total assets, total liabilities, net asset, revenue and net profit of Fuzhou Liboshuntai amounted to RMB1,286.1 million, RMB793.3 million, RMB492.8 million, RMB1,634.5 million and RMB326.1 million, respectively (six months ended 30 June 2015: RMB1,918.1 million, RMB1,751.4 million, RMB166.7 million, nil and net loss of RMB6.5 million, respectively).

The Group's net share of profits of investments accounted for using the equity method increased by approximately 161.4% from RMB116.8 million for the six months ended 30 June 2015 to RMB305.2 million for the six months ended 30 June 2016, primarily due to the recognition of revenue from the sales of properties upon the completion and delivery of properties of Shanghai Kaitai and Fuzhou Liboshuntai during the six months ended 30 June 2016.

Profit before income tax

As a result of the aforementioned changes of the Group's financials, the Group's profit before income tax increased by approximately 224.8% from RMB462.5 million for the six months ended 30 June 2015 to RMB1,502.4 million for the six months ended 30 June 2016.

Income tax expenses

The Group's income tax expenses comprise provisions made for enterprise income tax ("EIT") (including deferred income tax) and land appreciation tax ("LAT") in the PRC.

The Group's income tax expenses increased by approximately 167.7% from RMB181.4 million for the six months ended 30 June 2015 to RMB485.6 million for the six months ended 30 June 2016. Specifically, EIT (including deferred income tax) increased by approximately 303.1% from RMB59.9 million for the six months ended 30 June 2015 to RMB241.5 million for the six months ended 30 June 2016, and LAT increased by approximately 100.9% from RMB121.5 million for the six months ended 30 June 2015 to RMB244.1 million for the six months ended 30 June 2016.

The effective income tax rate of the Group for the six months ended 30 June 2016 was 35.8%, compared to 26.7% for the six months ended 30 June 2015. Effective income tax was calculated based on EIT divided by profit before income tax (excluding the share of net profits of investments accounted for using the equity method, fair value gains on the remeasurement of joint ventures and LAT).

Profit for the period attributable to owners of the Company

As a result of the aforementioned changes of the Group's financials, the Group's profit for the period attributable to owners of the Company increased by approximately 197.1% from RMB288.8 million for the six months ended 30 June 2015 to RMB858.2 million for the six months ended 30 June 2016.

Profit for the period attributable to non-controlling interests

Profit for the period attributable to non-controlling interests increased by approximately 1,830.9% from a loss of RMB7.7 million to a profit of RMB133.7 million. This increase was primarily attributable to the recognition of revenue from sales of properties during the six months ended 30 June 2016 in the respective projects, including Pingtan David City, White House, Imperial Villa and Show Kingdom, which were jointly developed with non-controlling parties.

FINANCING ACTIVITIES

Issuance of perpetual capital instruments

The issuing amounts and the holders of the perpetual capital instruments

As at 30 June 2016, three perpetual capital instruments (collectively, the “**Perpetual Capital Instruments**”) with an aggregated amount of RMB1,700 million were issued by the subsidiaries of the Company pursuant to the following agreements:

- (i) the entrusted fund agreement dated 30 March 2016 and entered into between a securities company in the PRC (the “**Securities Company**”), as investor, Shanghai Qianpo Investment Advisory Company Limited, a wholly-owned subsidiary of the Company incorporated in the PRC (“**Shanghai Qianpo**”), as investee, and a licensed bank in Nanchong City, Sichuan Province (“**Nanchong Bank**”), as entrusted bank (the “**First Entrusted Fund Agreement**”) pursuant to which the Securities Company entrusted Nanchong Bank to extend an advancement of up to RMB2,000 million to Shanghai Qianpo. As at 30 June 2016, the Securities Company advanced an aggregate of RMB200 million to Shanghai Qianpo through this arrangement;
- (ii) the entrusted fund agreement dated 27 May 2016 and entered into between an asset management company in the PRC (the “**Asset Management Company**”), as investor, Rongxin (Fujian) Investment Company Limited, a wholly-owned subsidiary of the Company incorporated in the PRC (“**Rongxin Group**”), as investee, and a licensed bank in Shenzhen (“**Shenzhen Bank**”) as entrusted bank (the “**Second Entrusted Fund Agreement**”) pursuant to which the Asset Management Company entrusted Shenzhen Bank to extend an advancement of up to RMB1,000 million to Rongxin Group. As at 30 June 2016, the Asset Management Company advanced RMB1,000 million to Rongxin Group through this arrangement; and
- (iii) the trust fund agreement dated 27 June 2016 and entered into between a trust company in the PRC (the “**Trust Company**”), as investor, and Hemei (Shanghai) Property Development Company Limited, a non wholly-owned subsidiary of the Company incorporated in the PRC (“**Hemei Shanghai Property**”), as investee (the “**Trust Fund Agreement**”) pursuant to which the Trust Company agreed to extend an advancement of up to RMB500 million to Hemei Shanghai Property. As at 30 June 2016, the Trust Company advanced RMB500 million to Hemei Shanghai Property through this arrangement.

Each of the Securities Company, the Asset Management Company and the Trust Company is the holder of the respective Perpetual Capital Instruments. To the best of the knowledge, information and belief of the directors of the Company (the “**Directors**”), upon reasonable enquiries having made, each of the Securities Company, the Asset Management Company and the Trust Company is independent to the Company and its connected persons. For further details of the perpetual capital instruments, please refer to Note 20 to the condensed consolidated interim financial information in this interim report.

Major terms and agreement nature

(A) First Entrusted Fund Agreement

Set forth below are the major terms of the First Entrusted Fund Agreement:

(1) Shanghai Qianpo has no mandatory repayment obligations

Pursuant to the First Entrusted Fund Agreement, the advancements made by the Securities Company do not have a fixed repayment term or maturity date, and Shanghai Qianpo has no mandatory obligations to repay the advancements and any accumulated interests to the Securities Company unless (i) a liquidation proceeding is commenced against Shanghai Qianpo; or (ii) Shanghai Qianpo fails to settle any accumulated interests which are due for payment pursuant to the terms of the First Entrusted Fund Agreement as summarised in point (3) below.

(2) Fund repayment

Shanghai Qianpo is entitled, but without the mandatory obligation, to declare that all or a portion of the advancements become mature upon serving 10 day prior notice to the Securities Company, and thereafter repays the relevant amounts. Such declaration can be made every year or every three months after the date of advancement or such other dates as mutually agreed between Shanghai Qianpo and the Securities Company.

(3) Interests

The advancement made under the First Entrusted Fund Agreement bears an interest rate of 4.35% per annum for the first year, 4.75% per annum for the second to fourth years, and 4.95% per annum for the fifth year and thereafter. Accumulated interests will be payable by Shanghai Qianpo to the Securities Company when Shanghai Qianpo declares dividends to its shareholders. If no dividend is declared in the relevant year, the relevant interest payments can be deferred and accumulated pursuant to the First Entrusted Fund Agreement and be paid to the Securities Company at the time when Shanghai Qianpo next declares dividends thereafter.

(4) Use of proceeds

The relevant advancements shall be used for the general working capital of Shanghai Qianpo.

Pursuant to the First Entrusted Fund Agreement, the advancements made by the Securities Company do not have a fixed repayment term or maturity date. The relevant fund repayment and interest payment can be deferred at the discretion of either Shanghai Qianpo or the Company. The Directors therefore classified the advancements from the Securities Company to Shanghai Qianpo as perpetual capital instrument.

(B) Second Entrusted Fund Agreement

(1) Rongxin Group has no mandatory repayment obligations

Pursuant to the Second Entrusted Fund Agreement, the advancements made by the Asset Management Company do not have a fixed repayment term or maturity date, and Rongxin Group has no mandatory obligations to repay the advancements and any accumulated interests to the Asset Management Company unless (i) a liquidation proceeding is commenced against Rongxin Group; or (ii) Rongxin Group fails to settle any accumulated interests which are due for payment pursuant to the terms of the Second Entrusted Fund Agreement as summarised in point (3) below.

(2) Fund repayment

If Rongxin Group intends to make repayment within the first six months after the relevant advancements, Rongxin Group shall obtain consent from the Asset Management Company in advance or Rongxin Group is required to pay the relevant interests for the first six months. If the repayment is made beyond six months after the relevant advancements, Rongxin Group shall give one month prior notice to the Asset Management Company. The relevant repayments shall be a multiple of RMB10 million, and shall be paid together with the relevant outstanding interest payments.

(3) Interests

The advancement made by the Asset Management Company under the Second Entrusted Fund Agreement bears an interest rate of 9.5% per annum for the first two years and 19.0% per annum thereafter. Accumulated interests will be payable by Rongxin Group to the Asset Management Company when the Company and/or Rongxin Group declare dividends to their respective shareholders. If no dividend is declared in the relevant year, the interest rate applicable to that year will be increased by 50% (up to a maximum cap of 19.0% per annum) and the relevant interests can be deferred and accumulated pursuant to the Second Entrusted Fund Agreement, and be paid to the Asset Management Company at the time when the Company and/or Rongxin Group next declare dividends thereafter.

(4) Use of proceeds

The relevant advancements shall be used for the development of three property development projects of the Group in Fuzhou, namely The Twin Harbour City (融信•雙杭城), The Coast (融信•後海) and The White House (融信•白宮).

Pursuant to the Second Entrusted Fund Agreement, the advancements made by the Asset Management Company do not have a fixed repayment term or maturity date. The relevant fund repayment and interest payment can be deferred at the discretion of either Rongxin Group or the Company. The Directors therefore classified the advancements from the Asset Management Company to Rongxin Group as perpetual capital instrument.

(C) Trust Fund Agreement

(1) Hemei Shanghai Property has no mandatory repayment obligations

Pursuant to the Trust Fund Agreement, the advancements made by the Trust Company do not have a fixed repayment term or maturity date, and Hemei Shanghai Property has no mandatory obligations to repay the advancements and any accumulated interests to the Trust Company until a liquidation proceeding is commenced against Hemei Shanghai Property.

(2) Fund repayment

If Hemei Shanghai Property intends to make repayment within the first 12 months after the relevant advancements, Hemei Shanghai Property shall obtain consent from the Trust Company in advance. If the repayment is made beyond 12 months after the relevant advancements, Hemei Shanghai Property shall give one month prior notice to the Trust Company.

(3) Interests

The advancements made under the Trust Fund Agreement bear an interest rate of 7.44% per annum for the first year, 12.14% per annum for the second year, and 15.14% per annum for the third year and thereafter. Hemei Shanghai Property shall pay the relevant interests to the Trust Company when the Company and/or Hemei Shanghai Property declare dividends to their respective shareholders. If no dividend is declared in the relevant year, the relevant interest payments can be deferred and accumulated pursuant to the Trust Fund Agreement, and be paid to the Trust Company at the time when the Company and/or Hemei Shanghai Property next declare dividends thereafter.

(4) Use of proceeds

The relevant advancements shall be used for the development of a property development project of the Group in Shanghai, namely Imperial Villa (融信•鉑灣).

Pursuant to the Trust Fund Agreement, the advancements made by the Trust Company do not have a fixed repayment term or maturity date. The relevant fund repayment and interest payment can be deferred at the discretion of either Hemei Shanghai Property or the Company. The Directors therefore classified the advancements from the Trust Company to Hemei Shanghai Property as perpetual capital instrument.

Comparison between the Perpetual Capital Instruments and the Company's ordinary shares

The table below sets forth a comparison between the Company's ordinary shares and the Perpetual Capital Instruments pursuant to the First Entrusted Fund Agreement, the Second Entrusted Fund Agreement and the Trust Fund Agreement:

	Ordinary shares	Perpetual capital instruments
Voting rights	<p> Holders of the ordinary shares of the Company (the "Shareholders") enjoy voting rights pursuant to the Company's articles of association</p>	<p> Holders of Perpetual Capital Instruments are not entitled to voting rights</p>
Rights and rank to dividends/coupons	<p> All Shareholders are entitled to declared dividend payments</p>	<p> Holders of Perpetual Capital Instruments are not entitled to dividend payments but are entitled to accumulated unpaid interests when the Company and/or the relevant investees declare dividends</p>
Profit entitlement	<p> All Shareholders are entitled to share the profit of the Group through dividend distribution of the Group</p>	<p> Holders of Perpetual Capital Instruments are not entitled to share the profit of the Group but are entitled to accumulated unpaid interests when the Company and/or the relevant investees declare dividends</p>
Ranking on distribution on liquidation	<p> All Shareholders are ranked pari passu</p>	<p> In the event of liquidation of the Company or the relevant investees, holders of the Perpetual Capital Instruments have priority over the Shareholders for the settlement of outstanding advancements and accumulated interests pursuant to the relevant agreement</p>
Winding-up or dissolution of the Company	<p> All Shareholders are ranked pari passu</p>	<p> In the event of winding up or dissolution of the Company or the relevant investees, holders of Perpetual Capital Instruments have priority over the Shareholders for the settlement of outstanding advancements and accumulated interests pursuant to the relevant agreement</p>

Future plan of the Perpetual Capital Instruments

As at the date of this interim report, the Company does not have any intention to (i) repay all or any part of the advancements received under the Perpetual Capital Instruments; (ii) obtain additional fund from the Securities Company under the First Entrusted Fund Agreement; and (iii) issue any new perpetual capital instrument.

Issuance of public and private corporate bonds on the Shanghai Stock Exchange and the Shenzhen Stock Exchange

Rongxin Group, a wholly-owned subsidiary of the Company, issued the following bonds based on the approvals it obtained (i) for the public issuance of corporate bonds on the Shanghai Stock Exchange in an aggregate principal amount of up to RMB2.5 billion (the “**Shanghai Public Corporate Bonds**”); (ii) for the private placement of corporate bonds on the Shenzhen Stock Exchange in an aggregate principal amount of up to RMB3.5 billion (the “**Shenzhen Private Corporate Bonds**”); and (iii) for the private placement of corporate bonds on the Shanghai Stock Exchange in an aggregate principal amount of up to RMB5.0 billion (the “**Shanghai Private Corporate Bonds**”, together with Shanghai Public Corporate Bonds and Shenzhen Private Corporate Bonds, the “**Domestic Corporate Bonds**”):

- (a) on 24 December 2015, Rongxin Group issued the first tranche of the Shanghai Public Corporate Bonds in an aggregate principal amount of RMB1.2 billion with a 5-year term at a coupon rate of 6.4% per annum;
- (b) on 19 January 2016, Rongxin Group issued the second tranche of the Shanghai Public Corporate Bonds in an aggregate principal amount of RMB1.3 billion with a 5-year term at a coupon rate of 6.2% per annum. At the maturity of third year, Rongxin Group has an option to adjust the coupon rate, and investors can exercise retractable option;
- (c) on 26 January 2016, Rongxin Group issued the first tranche of the Shenzhen Private Corporate Bonds in an aggregate principal amount of RMB3.1 billion with an initial 2-year term at a coupon rate of 7.89% per annum. At the maturity of the second year, the investors have a right to extend the maturity date of the bonds for another two years;
- (d) on 18 February 2016, Rongxin Group issued the second tranche of the Shenzhen Private Corporate Bonds in an aggregate principal amount of RMB0.4 billion with an initial 2-year term at a coupon rate of 7.6% per annum. At the maturity of the second year, the investors have a right to extend the maturity date of the bonds for a further two years;
- (e) on 21 March 2016, Rongxin Group issued the first tranche of the Shanghai Private Corporate Bonds in an aggregate principal amount of RMB0.5 billion with a 3-year term at a coupon rate of 7.5% per annum. At the maturity of the second year, Rongxin Group has a right to adjust the interest rate of the outstanding bonds, and the bond subscriber has a right to sell all or any part of the outstanding bonds to Rongxin Group at the nominal value;
- (f) on 29 April 2016, Rongxin Group issued the second tranche of the Shanghai Private Corporate Bonds in an aggregate principal amount of RMB0.55 billion with a 3-year term at a coupon rate of 7.4% per annum. At the maturity of the second year, the investors have a right to request Rongxin Group to early redeem the second tranche of the Shanghai Private Corporate Bonds;

- (g) on 24 June 2016, Rongxin Group issued the third tranche of the Shanghai Private Corporate Bonds in an aggregate principal amount of RMB1.05 billion with a 3-year term at a coupon rate of 7.52% per annum; and
- (h) on 29 July 2016, Rongxin Group issued the fourth tranche of the Shanghai Private Corporate Bonds in an aggregate principal amount of RMB2.9 billion with a 3-year term at a coupon rate of 5.8% per annum. At the maturity of the second year, the investors have a right to request Rongxin Group to early redeem the fourth tranche of the Shanghai Private Corporate Bonds.

The proceeds from the above issue of Domestic Corporate Bonds have been used to refinance the Group's existing indebtedness.

As at the date of this interim report, no unissued amounts of the approved amounts of the Domestic Corporate Bonds were outstanding. For further details, please refer to the section headed "Summary and Highlights — Recent Developments — Developments in our Business" in the Prospectus and the announcements of the Company dated 15 January 2016, 17 January 2016, 19 January 2016, 25 January 2016, 26 January 2016, 17 February 2016, 18 February 2016, 18 March 2016, 21 March 2016, 29 April 2016, 24 June 2016 and 29 July 2016.

Issuance of asset-backed securities

On 8 July 2016, Rongxin Group issued asset-backed securities in three tranches on the Shanghai Stock Exchange with a principal amount of RMB880.0 million. These securities were backed by the accounts receivable for the balance payment of properties sold by the Group. The proceeds from the issue of the asset-backed securities are expected to be used for general working capital of the Group. For further details, please refer to the announcement of the Company dated 8 July 2016.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, the Group's net current assets amounted to RMB26,775.3 million (31 December 2015: RMB7,939.4 million). Specifically, the Group's total current assets increased by approximately 83.2% from RMB30,737.5 million as at 31 December 2015 to RMB56,303.4 million as at 30 June 2016. The Group's total current liabilities increased by approximately 29.5% from RMB22,798.1 million as at 31 December 2015 to RMB29,528.1 million as at 30 June 2016. The increase in the Group's total current assets was primarily attributable to (i) the increase in bidding deposits and prepayments for acquisition of land use rights by approximately 441.1% from RMB1,243.2 million as at 31 December 2015 to RMB6,727.0 million as at 30 June 2016 due to the acquisition of 10 land parcels located in first-tier and second-tier cities including Shanghai, Hangzhou, Fuzhou and Xiamen; and (ii) the increase in completed projects held for sales by approximately 456.6% from RMB1,301.9 million as at 31 December 2015 to RMB7,245.8 million as at 30 June 2016.

As at 30 June 2016, the Group had bank deposits (including term deposits with initial terms of over three months, restricted cash, and cash and cash equivalents) of RMB12,825.3 million (31 December 2015: RMB3,838.7 million), total borrowings of RMB25,735.1 million (31 December 2015: RMB16,372.6 million) and weighted average effective interest rate for outstanding borrowings of approximately 7.9% (including bank borrowings, trust and other borrowings and the Domestic Corporate Bonds) (31 December 2015: approximately 10.5%).

As at 30 June 2016, the aggregated issued amount of the Domestic Corporate Bonds was RMB8,100 million, representing approximately 31% of the total borrowings of the Group.

PLEDGE OF ASSETS

As at 30 June 2016, the Group's bank and other borrowings were secured by the Group's assets of RMB26,122.3 million (31 December 2015: RMB15,038.7million) which includes (i) completed properties held for sale; (ii) properties under development; (iii) property, plant and equipment; (iv) land use rights; (v) restricted cash and (vi) investment property. Certain other borrowings were also secured by the equity interests of certain subsidiaries.

CONTINGENT LIABILITIES

The Group's contingent liabilities primarily include guarantees that the Group had provided to PRC banks in respect of the mortgage loans granted by the banks to purchasers of the Group's properties. The purchaser mortgage guarantees are typically released when the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally take place after the properties are delivered to the purchasers. The borrowing guarantees represent the maximum exposure of the guarantees provided for the borrowings of related parties and an independent third party at the respective balance sheet dates. The total outstanding guarantee amounts provided by the Group amounted to RMB13,293.1 million as at 30 June 2016 (31 December 2015: RMB9,444.3 million).

The Directors believe that, in case of a default by the Group's purchasers on their mortgage payments, the net realisable value of the relevant properties will be sufficient to repay the outstanding mortgage loans, together with any accrued interest and penalty. Therefore, the Group did not make any provision in connection with these guarantees. The Group also provides various quality warranties to purchasers of its properties, with a term ranging from one to five years, in accordance with the relevant PRC laws and regulations. Such warranties are covered by back-to-back warranties provided to the Group by the respective construction contractors. In addition, the Group has, from time to time, also been a party to lawsuits and other legal proceedings in the normal course of business.

Current ratio

As at 30 June 2016, the current ratio of the Group was 1.91 times (31 December 2015: 1.35 times). The increase of the Group's current ratio was mainly attributable to the Group's expansion with increased development projects.

Gearing ratio

As at 30 June 2016, the gearing ratio of the Group was 0.90 times (31 December 2015: 2.47 times). The improvement of the Group's gearing ratio was mainly attributable to the Group's effort on managing its gearing level including, among others, (i) the increase of net assets as a result of the initial public offering of the Company and capital contributions from the strategic investors; and (ii) increase in revenue and net profit for the six months ended 30 June 2016.

The Company will continue to closely monitor the due dates of borrowings and manage the level of liquid capital to ensure that cash flows are sufficient for repayment of its indebtedness and meeting the cash requirements for payables in its business.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group has no material acquisitions and disposals of subsidiaries, associates and joint ventures during the period under review. The Group will continue to focus on its existing property development business and acquiring high-quality land parcel in the first-tier cities in China. No concrete plan for future investments is in place as at the date of this interim report.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

On 13 January 2016, the Company issued 337,500,000 shares at an offer price of HK\$5.36 per share on the Stock Exchange by global offering. On 28 January 2016, the Company further issued 2,348,000 shares pursuant to the partial exercise of the over-allotment option at an offer price of HK\$5.36 per share. Upon completion of the global offering, the Company raised net proceeds of approximately HK\$1,780 million.

The Group did not utilise any portion of the net proceeds as at the date of this interim report. The net proceeds is currently held in bank deposits and it is intended that it will be applied in the manner consistent with the proposed allocations in the Prospectus.

FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. Any depreciation of Renminbi would adversely affect the value of any dividends the Group pay to shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2016, the Group employed a total of 853 full-time employees (30 June 2015: 733 full-time employees). For the six months ended 30 June 2016, the staff cost recognised as expenses of the Group amounted to RMB141.8 million.

The remuneration policy of the Group is to provide remuneration packages including salary, bonus and various allowances, so as to attract and retain top quality staff. In general, the Group determines employee salaries based on each employee's qualification, position and seniority. The Group has designed a periodical review system to assess the performance of its employees, which forms the basis of the determination on salary raise, bonus and promotion. As required by PRC regulations, the Group makes contributions to mandatory social security funds for the benefit of the Group's PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds.

Furthermore, the Group has implemented systematic, specialty-focused vocational training programs for its employees at different levels on regular basis to meet different requirements and emphasise individual initiative and responsibility. The Group believes that these initiatives have contributed to increased employee productivity.

The Group's employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the six months ended 30 June 2016, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

CONSOLIDATION OF THE FINANCIAL RESULTS OF CERTAIN JOINT VENTURES

Consolidation of the financial results of Shiou Group

Background

Shiou Group is primarily engaged in the development and management of certain property development projects in Fuzhou, namely Riverside City, Beyond City, Lan Hill and Show Kingdom. Historically, Shiou Group was accounted for as a joint venture of the Group and owned as to 50% by Rongxin Group, a wholly owned subsidiary of the Company, and 50% by a real estate developer. On 15 March 2016, the real estate developer transferred its 50% equity interests in Shiou Group to an independent third party, a company established in the PRC and principally engaged in property investment in the PRC (the “**Investor**”). To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the independent third party and its ultimate beneficial owner are independent of the Company and its connected persons. As the Investor is not specialised in managing PRC property projects, in order to enhance the business efficiency of Shiou Group and to benefit from the Group’s expertise and brand recognition, the Investor concurred with the approach and agreed on 28 March 2016 to pass its voting rights and its financial and operational management rights in respect of its 50% equity interest in Shiou Group to the Group.

In accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), Shiou Group was therefore changed from a joint venture of the Group to a subsidiary of the Group as a result of the undertaking (the “**Consolidation of Shiou**”), and its results of operations and financial position have therefore been included in the Group’s consolidated financial statements since the date when the Group obtained the control.



Financial impact of the consolidation

Prior to the Consolidated of Shiou, Shiou Group was accounted for as a 50% owned joint venture of the Company, and the Company's interests in Shiou Group were initially recognised as share of profits of investments accounted for using the equity method. Following the Consolidated of Shiou, Shiou Group has been consolidated as a 50% owned subsidiary of the Company, and its results of operations and financial position have been fully included in the Group's consolidated financial information.

As a result of the Consolidated of Shiou, the Group recorded fair value gains on the remeasurement of investment in joint ventures of RMB201.8 million, accounting for approximately 13.4% of the Group's profit before income tax for the six months ended 30 June 2016. Such fair value gains were derived from the remeasurement of the Group's interests in Shiou Group due to the Consolidated of Shiou, and have been recognised in the consolidated income statements of the Group in accordance with HKFRS.

There is no change in the Group's 50% equity interests in Shiou Group.

Consolidation of the financial results of the Huacao Joint Ventures

Background

The Huacao Joint Ventures are primarily engaged in the development and management of certain property development projects in Shanghai, namely Shanghai Huacao Lot I, Shanghai Huacao Lot II, Shanghai Huacao Lot III and Shanghai Huacao Lot IV (the "**Huacao Projects**"). Historically, the Huacao Joint Ventures were accounted for as the Group's joint ventures with Greenland Group, an independent third party which is a company established in the PRC and principally engaged in property development in the PRC.

The project development and sales plan, operational and financial policies as well as the day-to-day management of the Huacao Projects have been initiated and enforced by the Group, and were pre-agreed by the Greenland Group. Following the successful listing of the Company in January 2016, Greenland Group considered the Group to have sufficient experience, expertise and resources, with sufficient internal measures in place, in managing the Huacao Projects. After two years of cooperation in the Huacao Joint Ventures, Greenland Group considered it would be for the mutual benefit of both parties if the Huacao Projects are managed under the leadership of the Group such that it could better utilise the resources of Greenland Group and at the same time the Group could benefit from having better control and management of the Huacao Projects which could enhance the efficiency of the operation of the Huacao Projects. As such, Greenland Group reached a consensus with the Group on 25 March 2016 and agreed to pass its voting rights and financial and operational management to the Group.

In accordance with HKFRS issued by the HKICPA, the Huacao Joint Ventures was therefore changed from the joint ventures of the Group to the subsidiaries of the Group as a result of the undertaking (the "**Consolidation of Huacao**"), and their results of operations and financial position have therefore been included in the Group's consolidated financial statements since the date when the Group obtained the control.

Financial impact of the consolidation

Prior to the Consolidation of Huacao, the Huacao Joint Ventures were accounted for as the joint ventures of the Company, and the Company's interests in the Huacao Joint Ventures were initially recognised as share of profits of investments accounted for using the equity method. Following the Consolidation of Huacao, the Huacao Joint Ventures have been consolidated as the subsidiaries of the Company, and their results of operations and financial position have been fully included in the Group's consolidated financial information.

As a result of the Consolidation of Huacao, the Group recorded fair value gains on the remeasurement of investment in joint ventures of RMB76.3 million, accounting for approximately 5.0% of the Group's profit before income tax for the six months ended 30 June 2016. Such fair value gains were derived from the remeasurement of the Group's interests in the Huacao Joint Ventures due to the Consolidation of Huacao, and have been recognised in the consolidated income statements of the Group in accordance with HKFRS.

There is no change in the Group's equity interests in each of the Huacao Joint Ventures.



CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the holders (the “**Shareholders**”) of the shares (the “**Shares**”) of the Company and to enhance corporate value and accountability.

The Company has adopted the corporate governance code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions under the Corporate Governance Code throughout the period from 13 January 2016 (being the date upon which shares of the Company have been listed on the main board of the Stock Exchange) (the “**Listing Date**”) till 30 June 2016, save and except for the deviation from code provision A.2.1 of the Corporate Governance Code as disclosed below.

Code Provision A.2.1 of the Corporate Governance Code provided that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company are both performed by Mr. Ou Zonghong (“**Mr. Ou**”), an executive Director. The Board believes that vesting the roles of both chairman and chief executive officer in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Ou’s extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Ou continues to act as the chairman and chief executive officer of the Group following the Listing Date, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors and independent non-executive Directors.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the “**Model Code**”) as the guidelines for the Directors’ dealings in the securities of the Company. Following specific enquiries to each of the Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code during the period from the Listing Date till 30 June 2016.

CHANGE OF DIRECTORS’ INFORMATION

Mr. Ren Yunan, an independent non-executive Directors, has been serving as the chairman of the supervisory board of Dongjiang Environmental Company Limited since April 2016. Such company is a leading Chinese environmental company focusing on hazard waste management, which shares have been listed on the main board of the Stock Exchange (Stock Code: 895) and the Shenzhen Stock Exchange (Stock Code: 2672).

Save as disclosed above, no information relating to the Directors is required to be disclosed in accordance with Rules 13.51(2) and 13.51(B) (1) of the Listing Rules since the publication of the annual report for the year ended 31 December 2015 by the Company.

SHARE OPTION SCHEME

The Company approved and adopted a share option scheme (the “**Share Option Scheme**”) on 28 December 2015. The Share Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

From the date of adoption of the Share Option Scheme and up to 30 June 2016, no option has been granted or agreed to be granted under the Share Option Scheme. Set forth below are the details of the Share Option Scheme:

(1) Purpose

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors believe the Share Option Scheme will enable the Group to reward its employees, the Directors and other selected participants for their contributions to the Group. It is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

(2) Participants

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up options to subscribe for Shares (collectively the “**Eligible Participants**”):

- (i) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of the Group; and
- (ii) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

(3) The maximum number of Shares available for issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, and such 10% limit represents 135,000,000 Shares (approximately 9.98% of the total Shares in issue as at 30 June 2016).

(4) The maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

(5) Time of acceptance and exercise of option

An option may be accepted by a participant to whom the offer is made within 5 business days from the date on which the letter containing the offer is delivered to that participant. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(6) Subscription price for Shares and consideration for the option

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange); and
- (iii) the nominal value of a Share on the date of grant.

A nominal consideration of HK\$1 is payable upon acceptance of the grant of an option.

(7) The remaining life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, i.e. 28 December 2015.

For further details of the Share Option Scheme, please refer to the section headed "Statutory and General Information – Other information – Share Option Scheme" on pages V-19 to V-29 in Appendix V to the Prospectus.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2016, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

INTERESTS IN SHARES OF THE COMPANY

Name of Director	Nature of Interest/Capacity	Number of Shares or underlying Shares ^(Note 1)	Approximate percentage of shareholding
Mr. Ou Zonghong ^(Note 2)	Beneficiary of a trust	1,012,500,000 (L)	74.87%

Notes:

- (1) The letter "L" denotes the entity's long position in the relevant Shares.
- (2) Mr. Ou Zonghong is a beneficiary of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (the son of Mr. Ou Zonghou) as the settlor with Mr. Ou Zonghong being the protector. TMF (Cayman) Ltd., the trustee of Ou Family Trust, through a wholly owned BVI company, namely Honesty Global Holdings Limited, which in turn wholly-owned another BVI company, namely Dingxin Company Limited, held 1,012,500,000 Shares as at 30 June 2016.

Save as disclosed above, as at 30 June 2016, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Company, as at 30 June 2016, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name of Shareholders	Nature of Interest/Capacity	Number of Shares or underlying Shares ^(Note 1)	Approximate percentage of shareholding
Dingxin Company Limited ^(Note 2)	Beneficial owner	1,012,500,000 (L)	74.87%
Honesty Global Holdings Limited ^(Note 2)	Interest in controlled corporation	1,012,500,000 (L)	74.87%
TMF (Cayman) Ltd. ^(Note 2)	Trustee of a trust	1,012,500,000 (L)	74.87%
Mr. Ou Guofei ^(Notes 2, 3)	Settlor of a trust	1,012,500,000 (L)	74.87%
Ms. Xu Lixiang ^(Note 4)	Beneficiary of a trust/Interest of spouse	1,012,500,000 (L)	74.87%

Notes:

- (1) The letter "L" denotes the entity's long position in the relevant Shares.
- (2) Dingxin Company Limited is a BVI company wholly owned by Honesty Global Holdings Limited, another BVI company, wholly owned by TMF (Cayman) Ltd., the trustee of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (as the settlor) with Mr. Ou Zonghong being the protector. Accordingly, each of Honesty Global Holdings Limited, TMF (Cayman) Ltd. and Mr. Ou Guofei is deemed to be interested in the Shares held by Dingxin Company Limited.
- (3) Mr. Ou Guofei is the son of Mr. Ou Zonghong.
- (4) Ms. Xu Lixiang is the spouse of Mr. Ou Zonghong and is therefore deemed under the SFO to be interested in the Shares held by Mr. Ou Zonghong.

Save as disclosed above, as at 30 June 2016, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2016 (2015: Same).

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

During the period from the Listing Date till 30 June 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the securities of the Company.

AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision C.3 of the Corporate Governance Code.

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee consists of three members, namely Mr. Qu Wenzhou, Mr. Lo, Wing Yan William and Mr. Ren Yunan, each of them is an independent non-executive Director. The chairman of the Audit Committee is Mr. Qu Wenzhou who possesses appropriate professional qualifications. The Audit Committee had reviewed the interim report and the interim results for the six months ended 30 June 2016. The interim results for the six months ended 30 June 2016 has not been audited but has been reviewed by PricewaterhouseCoopers, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

By the order of the Board

Ronshine China Holdings Limited

Ou Zhonghong

Chairman

Hong Kong, 22 August 2016

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Revenue	7	6,983,410	2,106,515
Cost of sales		(5,698,424)	(1,485,204)
Gross profit		1,284,986	621,311
Selling and marketing costs		(237,573)	(166,162)
Administrative expenses		(183,373)	(119,820)
Fair value gains on the remeasurement of joint ventures	27	278,074	—
Fair value gains on investment properties	12	9,000	—
Other income		4,750	4,716
Operating profit		1,155,864	340,045
Finance income - net	9	41,274	5,674
Share of profits of investments accounted for using the equity method, net	13	305,241	116,772
Profit before income tax		1,502,379	462,491
Income tax expenses	10	(485,585)	(181,407)
Profit for the period		1,016,794	281,084
Profit for the period attributable to:			
Owners of the Company		858,164	288,806
Non-controlling interests		133,661	(7,722)
Holders of Perpetual Capital Instruments		24,969	—
		1,016,794	281,084
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basic and diluted	11	0.65	0.29

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016 <i>RMB'000</i> <i>(Unaudited)</i>	2015 <i>RMB'000</i> <i>(Unaudited)</i>
Profit for the period	1,016,794	281,084
Other comprehensive income	—	—
Total comprehensive income for the period	1,016,794	281,084
Total comprehensive income for the period attributable to:		
Owners of the Company	858,164	288,806
Non-controlling interests	133,661	(7,722)
Holder of Perpetual Capital Instruments	24,969	—
	1,016,794	281,084

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,052,657	840,824
Land use rights	12	487,975	483,787
Investment properties	12	3,328,000	—
Intangible assets		4,722	2,774
Investments accounted for using the equity method	13	1,831,412	2,534,738
Available-for-sale financial assets		46,000	46,000
Deferred tax assets		213,314	151,282
		6,964,080	4,059,405
Current assets			
Properties under development	14	27,158,681	23,338,429
Completed properties held for sale	14	7,245,754	1,301,888
Trade and other receivables and prepayments	15	8,458,831	1,868,565
Amounts due from customers for contract works		256,534	143,361
Prepaid taxation		358,232	205,499
Available-for-sale financial assets		—	41,000
Term deposits with initial terms of over three months		—	1,021,799
Restricted cash	16	526,339	74,458
Cash and cash equivalents	17	12,298,983	2,742,466
		56,303,354	30,737,465
Total assets		63,267,434	34,796,870
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	18	12	—
Share premium	18	2,485,669	989,745
Other reserves		4,550,662	3,312,777
		7,036,343	4,302,522
Non-controlling interests		5,614,509	770,210
Perpetual Capital Instruments	20	1,721,275	—
Total equity		14,372,127	5,072,732

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	21	17,961,732	6,926,063
Deferred income tax liabilities		1,405,506	—
		19,367,238	6,926,063
Current liabilities			
Trade and other payables	22	5,343,124	2,273,632
Amounts due to related parties	25	113,316	265,007
Pre-sale proceeds received from customers		14,859,067	10,083,124
Current income tax liabilities		1,439,162	729,812
Borrowings	21	7,773,400	9,446,500
		29,528,069	22,798,075
Total liabilities		48,895,307	29,724,138
Total equity and liabilities		63,267,434	34,796,870

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						Non-controlling interests	Perpetual Capital Instruments	Total equity
	Share capital	Share premium	Capital reserves	Statutory reserves	Retained earnings	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 18)	(Note 18)					(Note 20)		
Six months ended 30 June 2016 (Unaudited)									
Balance at 1 January 2016	—	989,745	1,023,290	337,228	1,952,259	4,302,522	770,210	—	5,072,732
Comprehensive income									
– Profit for the period	—	—	—	—	858,164	858,164	133,661	24,969	1,016,794
– Other comprehensive income	—	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	858,164	858,164	133,661	24,969	1,016,794
Transactions with owners in their capacity as owners									
Issue of shares in connection with the capitalisation issue (Note 18(a))	9	(9)	—	—	—	—	—	—	—
Issue of shares in connection with the Company's listing (Note 18(b))	3	1,540,694	—	—	—	1,540,697	—	—	1,540,697
Share issuance costs (Note 18(b))	—	(44,761)	—	—	—	(44,761)	—	—	(44,761)
Dividend of a subsidiary	—	—	—	—	—	—	(414,760)	—	(414,760)
Acquisition of a subsidiary (Note 28)	—	—	—	—	—	—	740,000	—	740,000
Change from joint ventures to subsidiaries (Note 27)	—	—	—	—	—	—	2,688,342	—	2,688,342
Issuance of Perpetual Capital Instruments (Note 20)	—	—	—	—	—	—	—	3,200,000	3,200,000
Redemption of Perpetual Capital Instruments (Note 20)	—	—	—	—	—	—	—	(1,500,000)	(1,500,000)
Distribution made to holders of Perpetual Capital Instruments (Note 20)	—	—	—	—	—	—	—	(3,694)	(3,694)
Capital injections from non-controlling interests	—	—	379,721	—	—	379,721	1,697,056	—	2,076,777
Total transactions with owners in their capacity as owners	12	1,495,924	379,721	—	—	1,875,657	4,710,638	1,696,306	8,282,601
Balance at 30 June 2016	12	2,485,669	1,403,011	337,228	2,810,423	7,036,343	5,614,509	1,721,275	14,372,127
Six months ended 30 June 2015 (Unaudited)									
Balance at 1 January 2015	—	—	164,203	163,493	693,181	1,020,877	8,169	—	1,029,046
Comprehensive income									
– Profit/(loss) for the period	—	—	—	—	288,806	288,806	(7,722)	—	281,084
– Other comprehensive income	—	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	288,806	288,806	(7,722)	—	281,084
Transactions with owners in their capacity as owners									
Capital injections from non-controlling interests	—	—	703,333	—	—	703,333	639,267	—	1,342,600
Balance at 30 June 2015	—	—	867,536	163,493	981,987	2,013,016	639,714	—	2,652,730

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Six months ended 30 June	
	2016 <i>RMB'000</i> <i>(Unaudited)</i>	2015 <i>RMB'000</i> <i>(Unaudited)</i>
Cash flows from operating activities		
Cash generated from operations	812,951	414,836
PRC corporate income tax paid	(225,894)	(56,048)
PRC land appreciation tax paid	(294,782)	(198,472)
Net cash generated from operating activities	292,275	160,316
Cash flows from investing activities		
Payments for purchase of property and equipment	(103,827)	(167,523)
Payment for purchase of intangible assets	(692)	(193)
Proceeds from disposal of property and equipment	2,750	1,294
Capital injections to joint ventures	(1,401,701)	(243,500)
Acquisition of a subsidiary, net of cash acquired	(1,540,326)	—
Cash acquired from change of joint ventures to subsidiaries	72,555	—
Payments for acquisitions of available-for-sale financial assets	(198,000)	(46,000)
Proceeds from disposals of available-for-sale financial assets	239,000	20,000
Cash advance to related parties	(304,000)	—
Repayments from related parties	—	698,881
Interest received	26,467	5,674
Decrease in term deposits with initial terms of over three months	1,021,799	—
Net cash (used in)/generated from investing activities	(2,185,975)	268,633

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Six months ended 30 June	
	2016 <i>RMB'000</i> <i>(Unaudited)</i>	2015 <i>RMB'000</i> <i>(Unaudited)</i>
Cash flows from financing activities		
Proceeds from borrowings	19,799,359	7,581,700
Repayments of borrowings	(14,800,893)	(6,597,850)
Issuance of Perpetual Capital Instruments	3,200,000	—
Redemption of Perpetual Capital Instruments	(1,500,000)	—
Distribution to holders of Perpetual Capital Instruments	(3,694)	—
Cash advances from related parties	2,775,508	52,000
Issuance of shares in connection with the Company's listing	1,540,697	—
Share issuance costs	(35,214)	—
Repayments to related parties	(151,691)	(1,530,875)
Capital injections from non-controlling interests	2,069,040	1,342,600
Dividends paid to the then shareholders of group companies	—	(338,000)
Interest paid	(1,005,821)	(1,047,705)
Restricted cash pledged for borrowings	(451,881)	(866,431)
Restricted cash released	—	1,161,741
Net cash generated from/(used in) financing activities	11,435,410	(242,820)
Net increase in cash and cash equivalents	9,541,710	186,129
Cash and cash equivalents at beginning of the period	2,742,466	657,637
Exchange gains on cash and cash equivalents	14,807	—
Cash and cash equivalents at end of the period	12,298,983	843,766

17

1 GENERAL INFORMATION

Ronshine China Holdings Limited (the "Company") was incorporated in the Cayman Islands on 11 September 2014 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-111, Cayman Islands. The Company's principal activity is investment holding. The Company and its subsidiaries (together the "Group") are principally engaged in property development business in the People's Republic of China (the "PRC").

In preparing for the listing of the Company's shares on the Main Board of The Stock Exchange Hong Kong Limited (the "Stock Exchange"), a reorganisation (the "Reorganisation") was undertaken pursuant to which the Company became the holding company of the group companies comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 31 December 2015.

The Company's shares were listed on the Main Board of The Stock Exchange Hong Kong Limited (the "Stock Exchange") on 13 January 2016 (the "Listing Date").

This interim condensed consolidated financial information is presented in Renminbi ("RMB"), unless otherwise stated. This interim condensed consolidated financial information was approved for issue by the Board on 22 August 2016.

This interim condensed consolidated financial information has not been audited.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2016 has been prepared in accordance with HKAS 34, 'Interim financial reporting'. The interim condensed consolidated 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 ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

3 ACCOUNTING POLICIES

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

- (a) New standards, amendments to standards adopted by the Group from 1 January 2016.

The following new standards, amendments to standards are mandatory for the Group's financial year beginning on 1 January 2016. The adoption of these new standards, amendments to standards and interpretations does not have any significant impact to the results and financial position of the Group.

HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operation
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: applying the consolidation exception
HKAS 27 (Amendment)	Equity method in separate financial statements
Annual improvements 2014	Annual improvements 2012 - 2014 cycle
HKAS 1 (Amendment)	Disclosure initiative
HKFRS 14	Regulatory deferral accounts
HKAS 16 and HKAS 41 (Amendments)	Agriculture: bearer plants

- (b) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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 interim condensed consolidated 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, with the exception of changes in estimates that are required in determining the provision for income taxes (Note 3(b)).

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

The Group's businesses are principally conducted in RMB. As at 30 June 2016, the non-RMB assets and liabilities of the Group are mainly cash and cash equivalents (Note 17) denominated in United States Dollars ("USD") or Hong Kong Dollars ("HK\$"). The Group has not entered into forward exchange contract to hedge its exposure to foreign exchange risk.

The interim condensed consolidated 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 year end of 2015.

5.2 Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through proceeds from pre-sale of properties and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

The table below sets out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
As at 30 June 2016					
Borrowings (Note)	9,522,673	9,944,776	8,950,641	1,313,305	29,731,395
Trade and other payables, excluding accrual for staff costs and allowances, other taxes payable	5,126,514	—	—	—	5,126,514
Amounts due to related parties	113,316	—	—	—	113,316
Financial guarantee	13,293,082	—	—	—	13,293,082

5 FINANCIAL RISK MANAGEMENT *(continued)*

5.2 Liquidity risk *(continued)*

	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2015					
Borrowings (Note)	10,656,631	5,349,804	2,592,223	—	18,598,658
Trade and other payables, excluding accrual for staff costs and allowances, other taxes payable	2,177,971	—	—	—	2,177,971
Amounts due to related parties	265,007	—	—	—	265,007
Financial guarantee	9,444,335	—	—	—	9,444,335

Note: 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.

5.3 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the owner 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 may adjust the amount of dividends paid to the owner, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total capital. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents, restricted cash and term deposits with initial terms of over three months.

5 FINANCIAL RISK MANAGEMENT *(continued)*

5.3 Capital management *(continued)*

	As at 30 June 2016 RMB'000	As at 31 December 2015 RMB'000
Total borrowings (Note 21)	25,735,132	16,372,563
Less: Cash and cash equivalents (Note 17)	(12,298,983)	(2,742,466)
Term deposits with initial terms of over three months	—	(1,021,799)
Restricted cash (Note 16)	(526,339)	(74,458)
Net borrowings	12,909,810	12,533,840
Total equity	14,372,127	5,072,732
Gearing ratio	0.90	2.47

5.4 Fair value estimation

Certain of the assets of the Group are carried at fair value or where fair value was disclosed can be categorised by level of inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels within a fair value hierarchy 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 price) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The available-for-sale financial assets and investment properties are measured at fair value, which is grouped into level 3 fair value measurements, subsequent to initial recognition. Techniques, such as discounted cash flow analysis, are used to determine fair value for the available-for-sale financial assets and investment properties. There were no changes in level 3 instruments during the six months ended 30 June 2016 (six months ended 30 June 2015: same).

The Group's financial assets include cash and cash equivalents, restricted cash, trade and other receivables, amounts due from customers for contract works, available-for-sale financial assets and term deposits with initial terms of over three months. The Group's financial liabilities include trade and other payables, amounts due to related parties and borrowings. The fair value for financial assets and liabilities with maturities of less than one year are assumed to approximate their carrying amounts due to their short term maturities.

6 SEGMENT INFORMATION

The Executive Directors have been identified as the chief operating decision maker. Management has determined the operating segments based on the reports reviewed by the Executive Directors, which are used to allocate resources and assess performance.

The Group is principally engaged in the property development in the PRC. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the Executive Directors regard that there is only one segment which is used to make strategic decisions. Revenue and profit after income tax are the measures reported to the Executive Directors for the purpose of resources allocation and performance assessment.

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC for the six months ended 30 June 2016 (six months ended 30 June 2015: same).

As at 30 June 2016, all of non-current assets of the Group were located in the PRC (31 December 2015: same).

There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the six months ended 30 June 2016 (six months ended 30 June 2015: same).

7 REVENUE

Revenue of the Group for the six month ended 30 June 2016 is as follow:

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from sales of properties	6,865,200	2,073,632
Revenue from construction contracts	92,701	32,883
Rental income	25,509	—
	<u>6,983,410</u>	<u>2,106,515</u>

8 EXPENSES BY NATURE

	Six months ended 30 June	
	2016	2015
	RMB'000	<i>RMB'000</i>
Cost of properties sold (excluding staff costs)	5,196,934	1,322,751
Cost of construction contracts (excluding staff costs)	85,146	29,692
Staff costs (including directors' emoluments)	141,779	75,184
Business taxes and other taxes	411,698	126,021
Marketing and advertising costs	127,124	115,761
Office lease payments	12,126	11,929
Property management fees	21,004	17,199
Depreciation (Note 12)	6,334	7,438
Listing expenses	3,834	7,081
Donations	16,320	850
Auditors' remuneration	1,926	338
Amortisation of intangible assets	637	530

9 FINANCE INCOME – NET

	Six months ended 30 June	
	2016	2015
	RMB'000	<i>RMB'000</i>
Finance costs		
– Bank and other borrowings	1,005,773	1,099,009
– Less: capitalised interest	(1,005,773)	(1,099,009)
	—	—
Finance income		
– Interest income from bank deposits	26,467	5,674
– Net foreign exchange gains	14,807	—
Finance income - net	41,274	5,674

10 INCOME TAX EXPENSES

	Six months ended 30 June	
	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Current income tax:		
PRC corporate income tax	238,716	87,937
Land appreciation tax ("LAT")	244,068	121,492
	482,784	209,429
Deferred income tax	2,801	(28,022)
	485,585	181,407

Hong Kong profits tax

The applicable Hong Kong profit tax rate is 16.5% for the six months ended 30 June 2016 (six months ended 30 June 2015: 16.5%). No Hong Kong profit tax has been provided for the six months ended 30 June 2016 as the Group did not have any assessable profits (six months ended 30 June 2015: same).

PRC corporate income tax

The income tax provision of the Group in respect of operations in mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the six months ended 30 June 2016 and 2015, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the group entities located in mainland China is 25% according to the Corporate Income Tax Law of the PRC (the "CIT Law") effective on 1 January 2008.

LAT

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rates.

10 INCOME TAX EXPENSES *(continued)*

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands (the "BVI") was incorporated under the Business Companies Act of the British Virgin Islands and is exempted from British Virgin Islands income tax.

PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to withholding income tax of 10%, a lower 5% withholding income tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for the undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings from its PRC subsidiaries.

11 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2016 and 2015. In determining the weighted average number of ordinary shares in issue, 100 shares issued during the Reorganisation and 1,012,499,000 shares issued by way of capitalisation were deemed to have been issued since 1 January 2015.

	Six months ended 30 June	
	2016	2015
Profit attributable to owners of the Company (RMB'000)	858,164	288,806
Weighted average number of shares in issue	1,329,622,055	1,012,499,100
Basic earnings per share (RMB per share)	0.65	0.29

The Company did not have any potential ordinary shares outstanding for the six months ended 30 June 2016 (six months ended 30 June 2015: same). Diluted earnings per share is equal to basic earnings per share.

12 PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHTS AND INVESTMENT PROPERTIES

	Property, plant and equipment RMB'000 (Note (a))	Land use rights RMB'000 (Note (b))	Investment properties RMB'000 (Note (c))
Six months ended 30 June 2016			
Opening net book amount	840,824	483,787	—
Additions	121,362	—	—
Acquisition of a subsidiary and consolidations of entities previously held as joint ventures (Note 27, 28)	98,818	10,682	3,319,000
Disposals	(2,013)	—	—
Fair value gains on investment properties	—	—	9,000
Depreciation and amortisation	(6,334)	(6,494)	—
Closing net book amount	<u>1,052,657</u>	<u>487,975</u>	<u>3,328,000</u>
Six months ended 30 June 2015			
Opening net book amount	463,864	498,590	—
Additions	176,450	—	—
Disposals	(744)	—	—
Depreciation and amortisation	(7,438)	(6,494)	—
Closing net book amount as at 30 June 2015	<u>632,132</u>	<u>492,096</u>	<u>—</u>

- (a) Certain property, plant and equipment of the Group with carrying amounts of RMB931,783,000 as at 30 June 2016 (31 December 2015: RMB434,910,000) was pledged as collateral for the Group's borrowings (Note 21).
- (b) Land use rights with a total carrying amount of RMB477,293,000 as at 30 June 2016 (31 December 2015: RMB483,787,000) were pledged as collateral for the Group's borrowings (Note 21).
- (c) The Group measures its investment properties at fair value. The fair value of the Group's investment properties as at 30 June 2016 has been determined on the basis of valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent and professionally qualified valuer.

Fair values of the Group's investment properties is derived using the income approach. This valuation method is taking into account the net rental income of a property derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate.

The main Level 3 inputs used by the Group include term yield, revisionary yield and rent income.

Increase in term yield and revisionary yields may result in decrease of fair value. Increase in rent income may result in increase of fair value.

As at 30 June 2016, investment properties of RMB3,328,000,000 (31 December 2015: not applicable) were pledged as collateral for the Group's bank borrowings.

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Investments accounted for using the equity method

(i) The amounts recognised in the consolidated balance sheet are as follows:

	30 June 2016 RMB'000	31 December 2015 RMB'000
Joint ventures	1,738,309	2,440,419
An associate	93,103	94,319
	<u>1,831,412</u>	<u>2,534,738</u>

(ii) The amounts recognised in the consolidated income statement are as follows:

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Joint ventures	306,457	118,111
An associate	(1,216)	(1,339)
	<u>305,241</u>	<u>116,772</u>

(iii) The movement of investments in joint ventures are as follows:

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Opening balances	2,440,419	2,258,165
Capital injections	1,401,701	243,500
Fair value gains on the remeasurement of joint ventures (Note 27)	278,074	—
Deemed disposals of joint ventures (Note 27)	(2,688,342)	—
Share of profits - net	306,457	118,111
	<u>1,738,309</u>	<u>2,619,776</u>

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

(b) Set out below are major joint ventures and an associate of the Group as at 30 June 2016. The place of incorporation or registration is also their principal place of business.

Name of entity		Place of business/ place of incorporation	% of ownership interest	Measurement method	Principal activities
Joint ventures					
福州利博順泰 房地產開發 有限公司	Fuzhou Liboshuntai Property Development Co., Ltd. ("Fuzhou Liboshuntai")	PRC	50%	Equity	Property development
海融(漳州)房地產 有限公司	Hairong (Zhangzhou) Property Co., Ltd.	PRC	50%	Equity	Property development
上海愷泰房地產 開發有限公司	Shanghai Kaitai Property Development Co., Ltd. ("Shanghai Kaitai")	PRC	50%	Equity	Property development
上海愷岱房地產 開發有限公司	Shanghai Kaidai Property Development Co., Ltd.	PRC	50%	Equity	Property development
Associate					
漳州市萬科濱江 置業有限公司	Zhangzhou City Wankebinjiang Property Co., Ltd.	PRC	20%	Equity	Property development

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*
(c) Summarised financial information for joint ventures

- (i) Set out below is the summarised financial information for Fuzhou Liboshuntai, which is material to the Group.

Summarised balance sheet

	30 June 2016 RMB'000	31 December 2015 RMB'000
ASSETS		
Non-current assets		
Other non-current assets	64	88
	64	88
Current		
Properties under development	—	509,727
Completed properties held for sale	436,883	447,312
Amounts due from shareholders	574,010	574,010
Trade and other receivables	12,289	107,570
Prepaid income tax	—	22,560
Cash and cash equivalents	262,895	248,719
	1,286,077	1,909,898
Total assets	1,286,141	1,909,986
LIABILITIES		
Non-current liabilities		
Borrowings	—	195,000
Current liabilities		
Borrowings	200,000	150,000
Advances received from pre-sales of properties	21,694	1,336,290
Trade and other payables	378,372	62,000
Current income tax liabilities	193,266	—
	793,332	1,548,290
Total liabilities	793,332	1,743,290
Net assets	492,809	166,696

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*
(c) Summarised financial information for joint ventures *(continued)*

- (i) Set out below is the summarised financial information for Fuzhou Liboshuntai, which is material to the Group. *(continued)*

Summarised income statement and statement of comprehensive income

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Revenue	1,634,485	—
Cost of sales	(1,188,364)	—
Selling and marketing costs	(7,313)	(4,838)
Administrative expenses	(5,015)	(4,102)
Interest income	244	257
Other income/(expense), net	791	(28)
Profit/(loss) before income tax	434,828	(8,711)
Income tax (expenses)/credit	(108,715)	2,178
Profit/(loss) for the period from continuing operations	326,113	(6,533)
Other comprehensive income	—	—
Total comprehensive income/(loss) for the period	326,113	(6,533)
The joint venture's commitments	—	678,518
The joint venture's financial guarantee contracts	1,336,038	949,238

No dividend has been paid or declared by Fuzhou Liboshuntai since its establishment.

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

(c) Summarised financial information for joint ventures *(continued)*

- (ii) Set out below is the reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in Fuzhou Liboshuntai.

	Six months ended 30 June	
	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Opening net assets	166,696	27,330
Profit/(loss) for the period	326,113	(6,533)
Other comprehensive income	—	—
Closing net assets	492,809	20,797
The Group's investment in the joint venture	246,405	10,399
Carrying value	246,405	10,399

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*
(c) Summarised financial information for joint ventures *(continued)*

- (iii) Set out below is the summarised financial information for Shanghai Kaitai, which is material to the Group.

Summarised balance sheet

	30 June 2016 RMB'000	31 December 2015 RMB'000
ASSETS		
Non-current assets		
Deferred tax assets	—	4,143
Other non-current assets	40	49
	40	4,192
Current		
Properties under development	5,190,989	6,082,054
Completed properties held for sale	937,804	—
Trade and other receivables	71,208	36,750
Prepaid income taxes	—	21,266
Cash and cash equivalents	659,933	609,651
	6,859,934	6,749,721
Total assets	6,859,974	6,753,913
LIABILITIES		
Non-current liabilities		
Borrowings	743,820	593,820
Current liabilities		
Advances received from pre-sales of properties	1,418,764	1,057,158
Amounts due to shareholders	1,710,271	1,425,536
Trade and other payables	761,358	1,679,830
Current income tax liabilities	57,533	—
	3,947,926	4,162,524
Total liabilities	4,691,746	4,756,344
Net assets	2,168,228	1,997,569

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*
(c) Summarised financial information for joint ventures *(continued)*

- (iii) Set out below is the summarised financial information for Shanghai Kaitai, which is material to the Group. *(continued)*

Summarised income statement and statement of comprehensive income

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Revenue	654,206	—
Cost of sales	(425,019)	—
Selling and marketing costs	(1,748)	(4,439)
Administrative expenses	(861)	(1,268)
Interest income	972	149
Profit/(loss) before income tax	227,550	(5,558)
Income tax (expenses)/credit	(56,891)	1,389
Profit/(loss) for the period from continuing operations	170,659	(4,169)
Other comprehensive income	—	—
Total comprehensive income/(loss) for the period	170,659	(4,169)
The joint venture's commitments	1,585,683	2,194,178
The joint venture's financial guarantee contracts	219,291	18,720

No dividend has been paid or declared by Shanghai Kaitai since its establishment.

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

(c) Summarised financial information for joint ventures *(continued)*

- (iv) Set out below is the reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in Shanghai Kaitai.

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Opening net assets	1,997,569	2,007,949
Profit/(loss) for the period	170,659	(4,169)
Closing net assets	2,168,228	2,003,780
The Group's investment in the joint venture	1,084,114	1,001,890
Carrying value	1,084,114	1,001,890

- (v) The Group's interests in the joint ventures, other than Fuzhou Liboshuntai and Shanghai Kaitai, which is individually immaterial to the Group, as at 30 June 2016 is RMB407,790,000 (31 December 2015: RMB359,740,000). Set out below is the summarised financial information in respect of the Group's interests in these joint ventures.

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
The Group's share of the joint ventures':		
- profit/(loss) for the period from continuing operations-net	58,070	(16,140)
- other comprehensive income	—	—
- total comprehensive income/(loss) for the period	58,070	(16,140)

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*
(d) Summarised financial information for an associate

The Group's interests in an associate, Zhangzhou City Wankebinjiang Property Co., Ltd., which is immaterial to the Group, as at 30 June 2016 is RMB93,103,000 (31 December 2015: RMB94,319,000). Set out below is the summarised financial information in respect of the Group's interests in the associate.

	Six months ended 30 June	
	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
The Group's share of the associate's:		
- loss for the period from continuing operations	1,216	1,339
- other comprehensive income	—	—
- total comprehensive loss for the period	1,216	1,339

14 PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	30 June 2016 <i>RMB'000</i>	31 December 2015 <i>RMB'000</i>
	Properties under development comprise:	
- Construction costs	7,718,640	3,868,688
- Capitalised interests	3,376,607	3,082,275
- Land use rights	16,063,434	16,387,466
	27,158,681	23,338,429
Completed properties held for sale comprise:		
- Construction costs	3,667,811	878,999
- Capitalised interests	1,016,022	200,704
- Land use rights	2,561,921	222,185
	7,245,754	1,301,888

Properties under development and completed properties held for sale of the Group are all located in the PRC and expected to be completed and available for sale within one operating cycle. The relevant land use rights are on leases of 40 to 70 years.

14 PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE *(continued)*

The capitalisation rate of the borrowings was 7.99% for the six months ended 30 June 2016 (Six months ended 30 June 2015: 11.16%).

The Group's pledged properties held for sale and properties under development are set out as follows:

	30 June 2016 RMB'000	31 December 2015 RMB'000
Carrying amounts of properties held for sale and properties under development pledged as collateral for the Group's borrowings	<u>20,858,875</u>	<u>14,045,568</u>

15 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2016 RMB'000	31 December 2015 RMB'000
Trade receivables (Note (a))	<u>310,722</u>	<u>26,804</u>
Note receivables	<u>5,148</u>	<u>—</u>
Other receivables		
- Bidding deposits for acquisition of land use rights	647,000	181,880
- Receivables from local governments	477,472	66,627
- Amounts due from minority shareholder of a group company	195,793	—
- Deposits for construction contracts (Note (b))	64,545	98,482
- Others	194,597	59,370
	<u>1,579,407</u>	<u>406,359</u>
Prepayments		
- Prepayments for acquisition of land use rights	6,080,030	1,061,285
- Prepaid business taxes and other taxes	445,885	345,472
- Others	37,639	28,645
	<u>6,563,554</u>	<u>1,435,402</u>
Trade and other receivables and prepayments	<u>8,458,831</u>	<u>1,868,565</u>

15 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(continued)*

(a) Aging analysis of the trade receivables based on invoice date is as follows:

	30 June 2016 RMB'000	31 December 2015 RMB'000
Within 90 days	284,780	23,708
Over 90 days and within 365 days	17,481	—
Over 365 days	8,461	3,096
	<u>310,722</u>	<u>26,804</u>

Proceeds receivable in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of properties are required to settle the balance within 90 days as specified in the sales and purchase agreements.

As at 30 June 2016, trade receivables of RMB25,942,000 were past due but not impaired (31 December 2015: RMB3,096,000). These relate to a number of independent customers for whom there are no significant financial difficulty. Management is of the view that the overdue amounts can be recovered as the Group is entitled to take over legal title and possession of underlying properties for re-sales.

As at 30 June 2016, trade receivables of RMB81,648,462 were subsequently settled up to the date of the interim condensed consolidated financial statements.

- (b) The amounts represented deposits for construction contracts of resettlement housing.
- (c) As at 30 June 2016, the Group's trade and other receivables were all denominated in RMB (31 December 2015: same).
- (d) As at 30 June 2016, the Group's maximum exposure to credit risk was the carrying value of each class of receivables mentioned above (31 December 2015: same). No material trade and other receivables were impaired as at 30 June 2016 (31 December 2015: same).

16 RESTRICTED CASH

	30 June 2016 RMB'000	31 December 2015 RMB'000
Denominated in RMB	526,339	74,458

The Group placed certain cash deposits with designated banks as security for borrowings and issuance of commercial bills as of 30 June 2016 (31 December 2015: as security for borrowings).

17 CASH AND CASH EQUIVALENTS

	30 June 2016 RMB'000	31 December 2015 RMB'000
Cash and cash equivalents denominated in:		
- RMB	11,173,336	2,731,751
- USD	1,105,208	10,675
- HK\$	20,439	40
	12,298,983	2,742,466

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

18 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares (Note (a))	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2016	1,000	—	—	989,745	989,745
Issue of shares in connection with the capitalisation issue (Note(a))	1,012,499,000	10	9	(9)	—
Issue of shares in connection with the Company's listing (Note(b))	339,848,000	3	3	1,540,694	1,540,697
Share issuance costs (Note(b))	—	—	—	(44,761)	(44,761)
At 30 June 2016	<u>1,352,348,000</u>	<u>13</u>	<u>12</u>	<u>2,485,669</u>	<u>2,485,681</u>
As at 1 January 2015 and 30 June 2015	<u>100</u>	<u>0.001</u>	<u>—</u>	<u>—</u>	<u>—</u>

(a) Capitalisation issue

On the Listing Date, the Company issued 1,012,499,000 ordinary shares at par value of HK\$0.00001 each to holders of shares on the register of members of the Company at the close of business on the business day immediately preceding the Listing Date by way of capitalisation of an amount of HK\$10,125 standing to the credit of the share premium account of the Company.

(b) Issue of shares in connection with the Company's listing

On the Listing Date, the Company issued a total of 337,500,000 ordinary shares of HK\$0.00001 each at a price of HK\$5.36 per share as a result of the completion of the initial public offering.

On 28 January 2016, 2,348,000 shares were issued according to the over-allotment option described in the prospectus of the Company dated 31 December 2015 at a price of HK\$5.36 per share.

Number of total issued shares of the Company was increased to 1,352,348,000 shares upon completion of the capitalisation issue, the initial public offering and exercise of over-allotment option.

Share issuance costs of RMB44,761,000 that were directly attributable the issuance of ordinary shares in connection with the initial public offering and the exercise of over-allotment option was treated as a deduction from share premium.

19 DIVIDEND

The directors of the Company did not recommend the payment of interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: same).

20 PERPETUAL CAPITAL INSTRUMENTS

During the six months ended 30 June 2016, certain group companies issued certain subordinated Perpetual Capital Instruments (the “Perpetual Capital Instruments”). The Perpetual Capital Instruments do not have maturity dates and the distribution payments can be deferred at the discretion of either the group companies or the Company. Therefore, the Perpetual Capital Instruments are classified as equity instruments and recorded in equity in the consolidated balance sheet. When the group companies or the Company elects to declare dividends to their shareholders, the group companies shall make distributions to the holders of Perpetual Capital Instruments at the distribution rates as defined in the subscription agreements. Movements of the Perpetual Capital Instruments are as follows:

	Principal <i>RMB'000</i>	Distribution <i>RMB'000</i>	Total <i>RMB'000</i>
Six month ended 30 June 2016			
Balance as at 1 January 2016	—	—	—
Issuance of Perpetual Capital Instruments	3,200,000	—	3,200,000
Redemption of Perpetual Capital Instruments	(1,500,000)	—	(1,500,000)
Profit attributable to holders of Perpetual Capital Instruments	—	24,969	24,969
Distribution made to holders of Perpetual Capital Instruments	—	(3,694)	(3,694)
Balance as at 30 June 2016	1,700,000	21,275	1,721,275

21 BORROWINGS

	30 June 2016 <i>RMB'000</i>	31 December 2015 <i>RMB'000</i>
Borrowings included in non-current liabilities:		
Bank borrowings - secured	4,621,352	1,622,000
Other borrowings - secured (Note (a))	10,068,510	10,779,100
Public Corporate Bonds - unsecured (Note (c))	2,522,050	1,171,463
Private Corporate Bonds – unsecured (Note (d))	5,657,220	—
Less: current portion of non-current borrowings	(4,907,400)	(6,646,500)
	17,961,732	6,926,063
Borrowings included in current liabilities:		
Other borrowings - secured (Note (a))	2,866,000	2,800,000
Current portion of non-current borrowings	4,907,400	6,646,500
	7,773,400	9,446,500
Total borrowings	25,735,132	16,372,563

21 BORROWINGS *(continued)*

All of the Group's borrowings are denominated in RMB.

- (a) Certain group companies in the PRC have entered into fund arrangements with trust companies, security companies and assets management companies, respectively, pursuant to which these financial institutions raised funds and injected them, directly or through entrusted banks, to the group companies. Certain equity interests of the group companies were held by the financial institutions as collateral of which the Group is obligated to redeem at predetermined prices. The funds bear fixed interest rates and have fixed repayment terms.
- (b) As at 30 June 2016, all the Group's bank and other borrowings were secured by the Group's assets which includes properties held for sale, properties under development, property, plant and equipment, land use rights, investment properties, equity interests of certain subsidiaries and restricted cash (31 December 2015: properties held for sales, properties under development, property, plant and equipment, Land use rights, equity interests of certain subsidiaries and restricted cash). In addition to pledge of the Group's assets, Mr. Ou Zonghong ("Mr. Ou"), the controlling shareholder of the Group, has provided personal guarantee for the bank and other borrowings of RMB725,952,000 as at 30 June 2016 (31 December 2015: RMB7,912,000,000).
- (c) During the year ended 31 December 2015, Rongxin (Fujian) Investment Group Co., Ltd. ("Rongxin Fujian"), a group company incorporated in PRC, was authorised by relevant PRC government authorities to publicly issue corporate bonds with an aggregate principal amount of up to RMB2.5 billion to qualified investors ("Public Corporate Bonds"). As at 30 June 2016, the aggregated principal amounts of the issued Public Corporate Bonds is RMB2.5 billion, and the maturity dates are 3 years from the issuance dates. The coupon rates of the issued Public Corporate Bonds ranged from 6.2% to 6.4% per annum. Upon the maturity dates, Rongxin Fujian has an option to increase the coupon rate by not more than 1% and extend the maturity of the bonds with an additional 2 years while the bonds holders can choose to redeem the bonds.
- (d) During the year ended 31 December 2015, Rongxin Fujian was authorised by relevant PRC government authorities to privately issue corporate bonds with an aggregate principal amount of up to RMB8.5 billion to qualified investors ("Private Corporate Bonds"). As at 30 June 2016, the aggregated principal amounts of the issued Private Corporate Bonds is RMB5.6 billion, and the maturity dates are 2-3 years from the issuance dates. The coupon rates of the issued Private Corporate Bonds ranged from 7.40% to 7.89% per annum. Upon the maturity dates, Rongxin Fujian has an option to increase the coupon rate of RMB4.6 billion of the Private Corporate Bonds and extend the maturity of these bonds with an additional 1-2 years while the bonds holders can choose to redeem the bonds.

21 BORROWINGS (continued)

- (e) The exposure of borrowings to interest-rate changes and the contractual repricing dates or maturity dates whichever is earlier is as follows:

	30 June 2016 RMB'000	31 December 2015 RMB'000
6 months or less	4,528,952	5,343,000
6-12 months	5,782,400	4,395,100
1-5 years	14,424,280	6,634,463
Over 5 years	999,500	—
Total	<u>25,735,132</u>	<u>16,372,563</u>

- (f) The maturity of the borrowings is as follows:

	30 June 2016 RMB'000	31 December 2015 RMB'000
Within 1 year	7,773,400	9,446,500
1 - 2 years	8,644,172	4,654,600
2 - 5 years	8,318,060	2,271,463
Over 5 years	999,500	—
Total	<u>25,735,132</u>	<u>16,372,563</u>

- (g) The weighted average effective interest rates are as follows:

	30 June 2016	31 December 2015
Bank borrowings	5.95%	6.89%
Public Corporate Bond	7.27%	6.41%
Private Corporate Bond	8.49%	—
Other borrowings	8.54%	11.28%
Weighted average effective interest rates	<u>7.94%</u>	<u>10.50%</u>

- (h) The carrying amounts of the borrowings approximate their fair values as at 30 June 2016 as either the impact of discounting is not significant or the borrowings carry floating rates of interests (31 December 2015: same).

22 TRADE AND OTHER PAYABLES

	30 June 2016 RMB'000	31 December 2015 RMB'000
Trade payables (Note (a))	3,304,408	1,640,102
Amounts due to minority shareholders of certain group companies	885,392	—
Amounts due to a trust company	346,714	—
Deposits from contractors and suppliers	194,109	125,282
Bills payable	163,351	—
Other taxes payable	151,578	17,537
Accrued payroll	65,032	78,124
Interests payable	50,137	61,988
Deposits received for sales of properties	42,210	252,607
Others	140,193	97,992
	<u>5,343,124</u>	<u>2,273,632</u>

(a) The ageing analysis of the trade payables is as follows:

	30 June 2016 RMB'000	31 December 2015 RMB'000
Within 90 days	811,742	546,914
Over 90 days and within 365 days	884,754	490,341
Over 365 days	1,607,912	602,847
	<u>3,304,408</u>	<u>1,640,102</u>

The Group's trade and other payables as at 30 June 2016 were denominated in RMB (31 December 2015: except for other payables of RMB11,599,000 denominated in HK\$, the Group's remaining trade and other payables were denominated in RMB).

23 FINANCIAL GUARANTEE

	30 June 2016 RMB'000	31 December 2015 RMB'000
Guarantee in respect of mortgage facilities for certain purchasers (Note (a) and (b))	12,921,172	6,412,925
Guarantee provided for the borrowings of the joint ventures and related parties (Note (b) and Note 25 (d)(ii))	371,910	3,031,410
	<u>13,293,082</u>	<u>9,444,335</u>

- (a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificates which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

- (b) Amounts represented the maximum exposure of the guarantees provided by the Group.

24 COMMITMENTS

- (a) Commitments for property development expenditures as at 30 June 2016 as follows:

	30 June 2016 RMB'000	31 December 2015 RMB'000
Contracted but not provided for		
– Property development activities	6,039,383	4,038,906
– Land use rights	10,991,050	3,310,000
	<u>17,030,433</u>	<u>7,348,906</u>

24 COMMITMENTS *(continued)*

- (b) Operating leases commitments – the Group as lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2016 RMB'000	31 December 2015 RMB'000
– Not later than one year	8,359	17,948
– Later than one year and not later than three years	6,984	9,457
	15,343	27,405

25 RELATED PARTY TRANSACTIONS

- (a) Major related parties that had transactions during the six month ended 30 June 2016 with the Group are as follows:

Related parties	Relationship with the Group
Mr. Ou 歐先生	Controlling Shareholder and director of the Company
Dingxin Company Limited	Immediate parent company of the Company
Rongxin (Fujian) Property Management Co., Ltd. 融信(福建)物業管理有限公司	A company controlled by the Controlling Shareholder
Fujian Shiou Property Management Co., Ltd. 福建世歐物業管理有限公司	A company controlled by the Controlling Shareholder

The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

(b) Key management compensation

Compensation for key management including directors is set out below.

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Key management compensation		
– Salaries and other employee benefits	3,701	4,420
– Pension costs	90	98
	3,791	4,518

25 RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties

	30 June 2016 RMB'000	31 December 2015 RMB'000
Amounts due to related parties:		
– Mr. Ou	85,948	237,500
– Rongxin (Fujian) Property Management Co., Ltd.	15,856	27,047
– Fujian Shiou Property Management Co., Ltd.	11,043	—
– Dingxin Company Limited	469	460
	113,316	265,007

Amounts due to Rongxin (Fujian) Property Management Co., Ltd. and Fujian Shiou Property Management Co., Ltd. represent mainly the payables of property management fees which are unsecured, interest free, and to be settled according to agreed terms and are denominated in RMB.

Amounts due to other related parties mainly represent cash advances which are unsecured, interest-free, repayable on demand and denominated in RMB (31 December 2015: same).

(d) Transactions with related parties

During the six months ended 30 June 2016, the Group had the following significant transactions with related parties.

The directors of the Company are of the opinion that the following related party transactions were conducted on normal commercial terms and in the ordinary course of business.

(i) Property management services provided by related parties

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
– Rongxin (Fujian) Property Management Co., Ltd.	181	16,715
– Fujian Shiou Property Management Co., Ltd.	17,092	—
	17,273	16,715

25 RELATED PARTY TRANSACTIONS *(continued)*
(d) Transactions with related parties *(continued)*

(ii) Guarantee for borrowings of related parties

	30 June 2016 RMB'000	31 December 2015 RMB'000
Guarantee to joint ventures:		
– Shanghai Kaitai Property Development Co., Ltd.	371,910	296,910
– Fuzhou Liboshuntai Property Development Co., Ltd.	—	45,000
– Shiou Group	Not applicable	2,689,500
	371,910	3,031,410

26 CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

Pursuant to an investment agreement entered into between the Group and an independent third party, who agreed to inject cash of RMB510,000,000 to a group company to acquire 11% equity interests of the group company. The amount of RMB379,721,000, being the difference between the cash injections and the carrying amount of 11% equity interest in the group company was recognised as capital reserves.

27 CHANGE FROM JOINT VENTURES TO SUBSIDIARIES

During the six months ended 30 June 2016, the joint venture partners of Fuzhou Shiou Property Development Co., Ltd. and its subsidiaries (“Shiou Group”) and Hua Cao Projects developing by Shanghai Kaiyu Property Development Co., Ltd., Shanghai Kairi Property Development Co., Ltd., Shanghai Kaichang Property Development Co., Ltd. and Shanghai Kaichong Property Development Co., Ltd. (together, “Hua Cao Group”) have transferred the controlling rights of the jointly controlled projects to the Group. Accordingly, the investments in the joint ventures are remeasured to fair value at the date when the Group obtained the control, and are deemed to have been disposed in exchange with the consolidation of subsidiaries, the resulting gains from the remeasurements are recognised in the consolidated income statement in accordance with HKFRS 3 – Business Combinations.

27 CHANGE FROM JOINT VENTURES TO SUBSIDIARIES *(continued)*

The following table summarises the remeasurement gains on the investments in the joint ventures, the fair value of identifiable assets acquired, liabilities assumed and the non-controlling interests recognised at the respective consolidation dates.

	At consolidation dates	
	Shiou Group <i>RMB'000</i>	Hua Cao Group <i>RMB'000</i>
Carrying amounts of the Group's investments in the joint ventures	2,198,402	211,866
Fair value gains on the remeasurement of joint ventures	201,810	76,264
Fair value of the investments in the joint ventures	2,400,212	288,130
Recognised amounts of identifiable assets acquired and liabilities assumed		
Investment properties	3,319,000	—
Property, plant and equipment	1,085	169
Properties under development	—	1,763,000
Completed properties held for sale	3,373,602	—
Amounts due from shareholders	3,380,268	—
Amounts due from customers for contract works	193,551	—
Trade and other receivables	683,065	9,717
Prepayments	26,660	—
Prepaid income tax	13,285	—
Cash and cash equivalents	63,793	8,762
Borrowings	(2,826,500)	—
Deferred tax liabilities	(689,054)	(84,663)
Advances received from pre-sales of properties	(445,241)	(33,763)
Trade and other payables	(1,318,310)	(1,086,962)
Amounts due to shareholders	(304,000)	—
Current income tax liabilities	(670,780)	—
Total identifiable net assets	4,800,424	576,260
Non-controlling interests being recognised	2,400,212	288,130
Identifiable net assets acquired	2,400,212	288,130
Goodwill	—	—

The acquired businesses contributed revenues of RMB629,851,000 and net profit of RMB39,916,000 to the Group for the period from the respective acquisition dates to 30 June 2016. If the acquisitions had occurred on 1 January 2016, consolidated revenue and consolidated profit for the six months ended 30 June 2016 would have been RMB7,004,386,000 and RMB1,018,789,000 respectively.

28 ACQUISITION OF A SUBSIDIARY

During the six months ended 30 June 2016, the Group acquired 50% equity interests in Fujian Ronghui Real Estate Company Limited (“Fujian Ronghui”), a limited liability company incorporated in the PRC with a project under development in Fuzhou City. According to the articles of association, the Group is able to control the financing and operating policies of Fujian Ronghui, hence the acquisition was treated as a business combination in accordance with HKFRS 3 – Business Combinations.

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

	RMB'000
Consideration – cash	740,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	97,564
Land use rights	10,682
Intangible assets	1,893
Properties under development	5,286,700
Amounts due from customers for contract works	44,784
Trade and other receivables	428,791
Prepayments	37,566
Prepaid income tax	25,420
Cash and cash equivalents	125,674
Borrowings	(1,537,603)
Deferred tax liabilities	(566,956)
Advances received from pre-sales of properties	(787,400)
Amounts due to the Group	(926,000)
Trade and other payables	(761,115)
Total identifiable net assets	<u>1,480,000</u>
Non-controlling interests being recognised	740,000
Identifiable net assets acquired	<u>740,000</u>
Goodwill	<u>—</u>
Cash outflow on acquisition of the subsidiary, net of cash acquired:	
– Consideration paid	740,000
– Settlements of loans to former shareholder resulting from the acquisition	926,000
– Cash and cash equivalents in the subsidiary on acquisition date	(125,674)
Net cash outflow	<u>1,540,326</u>

28 ACQUISITION OF A SUBSIDIARY *(continued)*

Fujian Ronghui contributed revenue of RMB37,892,000 and net loss of RMB10,810,000 to the Group for the period from the acquisition date to 30 June 2016. If the acquisition had occurred on 1 January 2016, consolidated revenue and consolidated profit for the six months ended 30 June 2016 would have been RMB7,013,777,000 and RMB1,005,029,000 respectively.

29 NON-CASH TRANSACTION

During the six months ended 30 June 2016, dividend of RMB414,760,000 made to a non-controlling shareholder of a group company was offset with the group company's amount due from the non-controlling shareholder.

30 SUBSEQUENT EVENTS

On 17 August 2016, the Group acquired a piece of land from the Shanghai Municipal Bureau of Planning and Land Resources through a public tender at consideration of RMB11,010,000,000. According to the land grant contract, the Group is required to settle the land costs within six months. The Group will co-develop the land with an other property developer.