Jiayuan International Group Limited
佳源國際控股有限公司
(Incorporated in the Cayman Islands with Limited Liability)
Stock Code : 2768

2017
Interim Report

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CORPORATE INFORMATION

DIRECTORS

Non-executive Director

Shum Tin Ching *(Chairman)*

Executive Directors

Huang Fuqing *(Vice Chairman)*
Cheuk Hiu Nam *(Chief Executive Officer)*
Wang Jianfeng

Independent non-executive Directors

Tai Kwok Leung, Alexander
Cheung Wai Bun, Charles, *JP*
Gu Yunchang

AUDIT COMMITTEE

Tai Kwok Leung, Alexander *(Chairman)*
Cheung Wai Bun, Charles, *JP*
Gu Yunchang

REMUNERATION COMMITTEE

Cheung Wai Bun, Charles, *JP (Chairman)*
Tai Kwok Leung, Alexander
Cheuk Hiu Nam

NOMINATION COMMITTEE

Shum Tin Ching *(Chairman)*
Cheung Wai Bun, Charles, *JP*
Gu Yunchang

COMPANY SECRETARY

Siu Leung Wah (appointed on 14 April 2017)

AUTHORISED REPRESENTATIVES

Cheuk Hiu Nam
Siu Leung Wah (appointed on 14 April 2017)

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS

As to Hong Kong law:
Mayer Brown JSM

As to PRC law:
Jingtian & Gongcheng

As to Cayman Islands law:
Conyers Dill & Pearman

COMPLIANCE ADVISER

Messis Capital Limited

PRINCIPAL BANKERS

Hang Seng Bank Limited
Wing Lung Bank Limited
Agricultural Bank of China Co., Ltd
Nanyang Commercial Bank
Bank of Dalian
Nanjing Bank

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

HEADQUARTERS

Room 1403, 9 Queen's Road Central
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 59, Gu Jia Ying Road
Xuanwu District
Nanjing
China

PRINCIPAL SHARE REGISTRAR

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

BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.jiayuanintl.com

STOCK CODE

2768

COMPANY PROFILE

ABOUT JIAYUAN

Jiayuan International Group Limited (the "Company") (Stock Code: 2768) is an established property developer of large-scale residential complex projects and integrated commercial complex projects in Jiangsu Province, the People's Republic of China ("PRC"). On 8 March 2016, the Company completed the initial public offering with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing").

As at 30 June 2017, the Company and its subsidiaries (the "Group") had a total land bank of more than 6.88 million square meters ("sq.m."). Pursuant to the Group's core development strategy of "major cities and selected key towns" (「大城市、小城鎮」), the Group will focus on the development of (i) residential properties in major cities such as Nanjing, Yangzhou and Shenzhen; and (ii) integrated commercial projects in "key towns" (中心鎮) or towns which are under key development, such as Taixing and Changzhou.

In response to the national policy of continuing urbanisation, and the call for city modernisation emphasised by the Jiangsu Provincial Government, the Group envisages that key towns will be developed into major economic and transportation hubs among neighbouring towns, facilitating the pull factors for urbanisation. The Group expects that the economic development of key towns will also enrich the disposable income of the local residents, which, in turn, will attribute to a healthy demand for residential and commercial properties. The Group also plans to expand the operations by developing residential complexes in cities with sizeable economies and populations with a view to expanding the reach of the Group's business and maximising the Group's return under the projected property demand.

The Group's residential and commercial complexes have been and will be developed into mixed-use community centres, which are designed to provide a high level of convenience and enjoyment to customers. In this regard, the Group strives to infuse the following key values into the developments:

(i) Education value: The Group believes that education is of paramount importance to customers as parents. Therefore, the Group focuses on selecting locations with relatively mature school net. In addition, the Group has participated in the construction of five schools in its developed property projects, aiming at building an excellent school net.

(ii) Leisure value: It is the Group's general practice to space a large portion of its site area for the construction of classical landmarks, European or Chinese theme parks and plazas, aiming to enhance the visual attraction of properties and bring leisure enjoyment to its customers; and

(iii) Commercial value: The Group also develops retail stores and shopping malls in its residential property projects providing a "one-station" shopping experience to its customers and taking care of the daily needs of residents and citizens nearby.

Therefore, the Group believes that the quality property development projects under the Group are and will be well received in the locations in which the Group operates or plans to expand operation.

FINANCIAL HIGHLIGHTS

The board (the "Board") of directors (the "Directors") of Jiayuan International Group Limited (the "Company", together with its subsidiaries, the "Group") is pleased to announce to the Group's shareholders the interim results of the Group for the six months ended 30 June 2017 (the "Reporting Period"), together with comparative figures for the corresponding period in 2016.

- The Group recorded unaudited contracted sales of approximately RMB3,872.8 million for the six months ended 30 June 2017 with a total sales area of approximately 466,554 sq.m., representing a period-on-period increase of approximately 93.0% and 164.4%, respectively.

- The Group's recognised revenue for the six months ended 30 June 2017 was RMB2,907.8 million, representing an increase of approximately RMB809.2 million or 38.6% as compared to the corresponding period in 2016.

- The gross profit of the Group increased by approximately 44.7% to approximately RMB1,012.6 million and the gross profit margin was 34.8% in the first half of 2017.

- The net profit of the Group for the six months ended 30 June 2017 amounted to approximately RMB522.0 million.

- The basic earnings per share was RMB26.91 cents in the first half of 2017.

- The bank balances and cash and restricted/pledged bank deposits as at 30 June 2017 were approximately RMB3,344.9 million, representing an increase of approximately 136.1% as compared with approximately RMB1,416.4 million as at 31 December 2016.

- Completed placing and subscription of 352,500,000 new shares at HKD3.35 on 19 June 2017, receiving net proceeds of approximately RMB1,020 million so as to strengthen financial position and for land acquisition.

- On 30 June 2017, the Group completed the acquisition of the entire equity interest in 揚州嘉聯置業發展有限公司 (Yangzhou Jialian Property Development Co., Limited*) ("Yangzhou Jialian"). Yangzhou Jialian holds a mixed-use property development project under construction located at Yangzhou City, Jiangsu Province, the PRC.

* *For identification purpose only*

CHAIRMAN'S STATEMENT

Dear **Shareholders**,

Jiayuan International Group Limited is an established property developer of large-scale residential and commercial complex projects in the PRC. Looking backing to the first half of 2017, regulatory policies were tightened in the major cities of the PRC and housing prices in first-tier and second-tier cities were curbed but sales volume in third-tier and fourth-tier cities were maintained at a high growth rate due to robust housing demand. This showed that the destocking policies of the government were effective.

GROUP REVIEW

Although sales performance in different regions showed divergence under the influence of the regulatory policies, the overall transaction volume and price of the PRC's property market continued to rise in the first half of 2017. The Group has completed a number of significant transactions in 2016 by way of mergers and acquisitions, among which some residential projects have been launched for sales since the first half of 2017 and their sales performance was satisfactory.

To sustain the strong growth in contracted sales and replenish quality land resources for the Group's long-term development, during the first half of 2017, the Group successfully acquired two residential projects located in Hanjiang District, Yangzhou and the core district of Taicang, and a parcel of land for residential and commercial uses in Siyang through tender, auction and listing. As at 30 June 2017, the Group's property portfolio comprised 29 properties in various major cities in the PRC, with a land reserve of more than 6.88 million sq.m., covering most of the major cities of Jiangsu Province. Apart from continuous expansion in the Yangtze River Delta Region, the Group will also continue to make investment in the Pearl River Delta Metropolitan Circle in response to the development plan for a city cluster in the Guangdong-Hong Kong-Macau Bay Area. The Group believes that investment value and development potential in the region are increasingly prominent, which will be conducive to enhancing the influence of the "Jiayuan" brand in the Pearl River Delta Region.

PROSPECTS

The Group expects that the economy of the PRC will continue to maintain steady growth. The central government will uphold policy that facilitates the demand for owner-occupied residential property and speed up the introduction of a long-term mechanism to promote the healthy and stable development of the industry while reasonably increasing the land supply. This is favourable to the development of the industry in the long run. The Group believes that given the enormous size of real estate industry and the new urbanization of the nation, the status of the real estate industry as a pillar supporting the healthy and stable development of the national economy will not be affected.

Looking forward to the second half of 2017, the Group will continue to focus on Jiangsu Province while at the same time attending to the development dynamics of the property market in other provinces such as Hainan Province and Pearl River Delta Region, actively engaging in urban redevelopment projects so as to acquire quality land reserves and enhance the market share of the Group in the PRC. In addition, the Group will position Hong Kong as a business development center, and target to develop quality projects in nearby regions such as Vietnam, Australia, Hong Kong and Macau under the national strategy of "One Belt, One Road", as well as emphasize on the idea of "development for stability". Despite mentioning the plan of foreign expansion, stability still comes first. The Group will seek a balance between company's scale and liability and comprise long-term strategy while following the principles in controlling risks, so as to increase its quality land reserves in overseas, thereby seizing the opportunities across the global real estate market. The Group will flexibly respond to market changes and continue to pay attention to market risks, so as to maximize the value for its shareholders.

Jiayuan International Group Limited
Shum Tin Ching
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Market Review

Looking back to the first half of 2017, under the central government's classification-based and specific localized regulatory measures, the domestic property market was on a rational track with a steady growth rate, but the sales volume remained relatively high. According to the data from the National Bureau of Statistics of the PRC, from January to June 2017, sold area of commodity properties in the PRC amounted to 750 million sq.m., representing an increase of 16.1%, as compared to the same period last year. The sales amount reached RMB5.9 trillion, representing an increase of 21.5%, as compared to the same period last year.

Benefited from the overflow of capital diverged from the property market of the first-tier and second-tier cities, the Group captured the opportunities brought about by this round of regulatory measures, and sustained a steady growth in terms of property sales amount in the second-tier and third-tier cities by adopting a proactive sales approach.

Results Performance

During the first half of this year, the Group upheld its region-focused policy. Not only did the Group achieve significant growth in major operating indicators, but it also achieved significant breakthroughs in expanding sales, controlling cost, lowering fees and increasing revenues. For the six months ended 30 June 2017, the Group's contracted sales of completed properties amounted to approximately RMB3.87 billion, representing a dramatic increase of approximately 93.0% as compared to the same period in 2016. Contracted sold area of properties amounted to approximately 467,000 sq.m., representing a significant growth of approximately 164.4% as compared to the same period in 2016. Revenue of the Group increased by approximately 38.6% to approximately RMB2.91 billion as compared to the same period in 2016. Profit attributable to shareholders increased by approximately 35.3% from approximately RMB381 million in the first half of 2016 to approximately RMB515 million. Earnings per share was approximately RMB26.91 cents, representing an increase of approximately 18% as compared to the same period in 2016.

Property Development

As of 30 June 2017, the Group's land bank occupied more than 6.88 million sq.m., and its property portfolio comprised 29 properties in various major cities in the PRC, comprising 21 residential complexes and 8 commercial complexes, located in Shenzhen, Nanjing, Yangzhou, Taicang, Nantong and Zhenjiang and covered most of the major cities in Jiangsu Province.

Well-Established Investor Relations

In the first half of 2017, the Group organized a 3-day investor tour to visit the Group's new development projects, including Zhenjiang Paris Metropolis, Yangzhang Centurial City and Nantong Jiayuan Metropolis, for on-site inspection of operation performance and construction quality of these projects. The outstanding performance of such projects has been highly recognised by the visiting investors whose confidence in the Group's prospects in Hong Kong capital market are therefore reinforced. In addition, the Group regularly participated in exchange conferences, roadshows and investment forums on Hong Kong stocks organized by domestic investment research institutions, and met with institutional investors from the PRC and Hong Kong to illustrate the Company's capital market plan in the future with a view to laying a solid foundation for future cooperation.

Fully Recognized by the Industry

The share price of the Group achieved over 80% accumulated increase since its listing in March 2016. In the first half of 2017, the market capitalization of the Group has reached HKD10.0 billion for the first time. The Group's remarkable performance was recognised by the industry and the Group received various industry accolades, including New Shares Growth Momentum Award jointly awarded by Tencent Network and Finet.HK and the "Certificate of Excellence" awarded by the Hong Kong Investor Relations Association. In addition, the project companies of the Group also performed outstandingly and projects such as Jiayuan Centurial City and Nantong Jiayuan Metropolis were awarded the Yangzhou Best-selling Real Estate 2016 and Nantong Potential Real Estate 2017 respectively by Tencent Network.

Prospects for the Second Half of 2017

Under the macro-economic environment, the Group believes that market stability will be the focus of the PRC's property market for the second half of 2017. The policy will remain focused on cooling down the overheating market in popular cities within the booming metropolitan circle, and speeding up the destocking process in the underperformed second-tier and third-tier cities within the non-major metropolitan circle. It is expected that there would not be significant increase in property prices. The Group considers that there is little chance for policy loosening in 2017, while there is also no urging need for policies to dramatically intensify. Compared to 2016, China's overall real estate sales volume could mildly increase this year. In the long run, the housing demand in the PRC's key first-tier and second-tier cities will remain robust. The property industry remains to be a pillar industry in the PRC.

In addition to the continuous development of new projects in the major cities of Jiangsu Province, the Group will also actively expand quality projects in Pearl River Delta. The Group has expanded its business footprint of property business into Shenzhen and will further expand to other cities in Guangdong Province with the focus on exploring prime land in the economic circles of Guangdong-Hong Kong-Macau and the Pearl River Estuary. The Group will actively acquire quality land reserves through tenders, auctions, bids for lands in the listings posted by the government, so as to enhance its market share in the PRC. In addition, the Group will gradually extend to the countries and regions covered by "One Belt, One Road" and increase its foreign land reserves appropriately, thereby achieving parallel development in domestic and overseas markets.

Jiayuan has witnessed and gone through various fluctuation and cycles in the property market. Jiayuan always sticks to its core business of property and gives impetus to the development of urbanization. The Group will keep pursuing a sustainable and balanced growth strategy with due care to risks in order to create values for its shareholders.

The following table sets out the breakdown of the Group's contracted sales, contracted total gross floor area ("GFA") and contracted average selling price ("ASP") by projects for the six months ended 30 June 2017 and 2016:

Project	Six months ended 30 June 2017			Six months ended 30 June 2016		
	Contracted Sales RMB (million) (approx.) (unaudited)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)	Contracted Sales RMB (million) (approx.) (unaudited)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)
1. Jiayuan Metropolis 佳源都市	820	109,211	7,508	–	–	–
2. Zijin Mansion 紫金華府	765	23,617	32,366	1,181	45,187	26,136
3. Jiayuan Centurial City 佳源世紀天城	623	67,487	9,228	–	–	–
4. Venice Metropolis 威尼斯城	524	76,369	6,855	131	19,869	6,583
5. Zhenjiang Paris Metropolis 鎮江巴黎都市	253	32,567	7,780	–	–	–
6. Huangqiao Jiayuan Central Plaza 黃橋佳源中心廣場	236	44,260	5,335	110	18,858	5,823
7. Rome Metropolis 羅馬都市	192	46,049	4,176	57	13,113	4,339
8. Jiayuan New World 新天地	188	17,235	10,922	228	20,280	11,257
Others	272	49,759	5,468	299	59,128	5,057
Total	3,873	466,554	8,301	2,006	176,435	11,371

Property Projects

The Group retains the ownership of certain self-developed commercial properties to generate recurring income. As at 30 June 2017, the Group had investment properties with a total GFA of approximately 0.4 million sq.m.. Certain portions of these investment properties are located in the integrated commercial complexes developed by the Group, in which the Group will retain control over the central management of the shopping arcades in order to enable the Group to select tenants and determine industry composition. The Group's operational model for such integrated commercial complexes is to sell all of the residential properties and 50.0% of the commercial properties; and retain the ownership of 50.0% of the commercial properties for investment properties.

Investment Properties

The following table sets out a summary of the Group's investment properties (excluding car parks) as at 30 June 2017:

Project	Project Type	Total GFA Held for Investment (sq.m.)	Leased GFA (sq.m.)	Total Rental Income For the six months ended 30 June 2017 (RMB million) (unaudited)	2016 (RMB million) (unaudited)
Yangzhou					
1. Yangzhou Park Number One 揚州公園一號	Residential	721	721	**0.1**	0.1
2. Jiayuan Centurial Garden 世紀花園	Residential	8,653	8,653	**0.6**	0.6
3. Jiayuan Centurial City 佳源世紀天城 *(Note 1)*	Mixed-use	127,002	–	**–**	–
Taixing					
1. Huangqiao Jiayuan Central Plaza 黃橋佳源中心廣場	Mixed-use	47,567	43,601	**0.9**	0.7
2. Jiayuan New World 新天地	Mixed-use	25,191	20,643	**1.7**	1.7
3. Qiangxi Garden 羌溪花苑	Residential	3,046	3,046	**0.3**	–
Taizhou					
1. Oriental Bright City 東方不夜城	Residential	34,419	34,303	**2.9**	2.9
2. Quexiandao Number One 鵲仙島一號	Residential	10,028	9,939	**1.2**	1.2
Siyang					
1. Rome Metropolis 羅馬都市	Residential	43,886	37,534	**1.6**	1.4
Changzhou					
1. Xueyan Jiayuan Central Plaza 雪堰佳源中心廣場 *(Note 2)*	Mixed-use	49,849	3,818	**–**	–
Total		350,362	162,258	**9.3**	8.6

Note 1: The project is currently under construction.
Note 2: Part of the project is currently under construction.

Land Reserves

The following table sets out a summary of the Group's land reserves by project as at 30 June 2017:

Project		Project Type	Site Area (sq.m.)	Land Reserve Area (sq.m.)	Ownership Interest %
Yangzhou					
1	Jiayuan Centurial City 佳源世紀天城	Mixed-use	214,206	717,691	100%
2	Centurial Honour Mansion 世紀天城榮御府	Mixed-use	167,810	573,803	100%
3	Jiayuan Centurial Rose Garden 世紀玫瑰園	Residential	143,822	239,056	70%
4	Jiayuan Centurial Villa 世紀豪園	Residential	391,088	1,803	100%
5	Jiayuan Centurial Garden 世紀花園	Residential	234,671	4,317	100%
Nanjing					
6	Zijin Mansion 紫金華府	Residential	339,008	174,907	100%
Taixing					
7	Venice Metropolis 威尼斯城	Residential	660,576	1,536,020	100%
8	Huangqiao Jiayuan Central Plaza 黃橋佳源中心廣場	Mixed-use	81,887	72,103	100%
9	Huangqiao Jiayuan Mingfu 黃橋佳源名府	Mixed-use	42,054	69,822	100%
10	Jiayuan New World 新天地	Mixed-use	190,802	355,436	100%
11	Qiangxi Garden 羌溪花苑	Residential	69,486	7,917	100%
12	Guxi Jiayuan Central Plaza 古溪佳源中心廣場	Mixed-use	83,048	148,347	100%
Taizhou					
13	Oriental Bright City 東方不夜城	Residential	77,021	44,487	100%
14	Oriental Paris City 東方巴黎城	Residential	231,702	80,365	100%
15	Quexiandao Number One 鵲仙島一號	Residential	68,330	18,686	100%
16	Taizhou Jiayuan Central Plaza 泰州佳源中心廣場	Mixed-use	15,702	15,702	100%

Project		Project Type	Site Area (sq.m.)	Land Reserve Area (sq.m.)	Ownership Interest %
Taicang					
17	Jiayuan Harbourview 海藝豪庭	Residential	52,988	168,118	100%
Suqian					
18	Elite International Garden 名人國際花園	Residential	53,970	687	90%
19	Suqian Park Number One 宿遷公園一號	Residential	126,183	133,022	90%
Siyang					
20	Paris Metropolis 巴黎都市	Residential	220,520	563,915	90%
21	Rome Metropolis 羅馬都市	Residential	302,505	767,193	100%
22	The Bund Number One 外灘一號	Residential	83,991	218,245	100%
Changzhou					
23	Xueyan Jiayuan Central Plaza 雪堰佳源中心廣場	Mixed-use	58,601	77,167	100%
Nantong					
24	Jiayuan Metropolis 佳源都市	Residential	198,434	518,500	100%
Zhenjiang					
25	Jiayuan Paris Metropolis 佳源巴黎都市	Residential	119,607	280,981	100%
Shenzhen					
26	Shenzhen Dingxi 深圳鼎曦	Residential	4,940	55,514	100%
27	Shenzhen Songling 深圳松齡	Residential	4,280	38,100	49%
Total			**4,237,234**	**6,881,904**	

FINANCIAL REVIEW

Operating Results

Revenue

Revenue of the Group mainly consists of revenue derived from (i) property development and (ii) property investment. For the six months ended 30 June 2017, revenue of the Group amounted to approximately RMB2,907.8 million, representing an increase of approximately 38.6% from approximately RMB2,098.6 million in first half of 2016. Profit and total comprehensive income for the period attributable to the owners of the Group was approximately RMB515.0 million, representing an increase of approximately 35.3% from approximately RMB380.7 million in the first half of 2016.

Property Development

The Group's revenue from property development included the sale of residential and commercial properties. The Group recognised revenue from the sale of properties when the significant risks and rewards of ownership have been transferred to the purchaser, i.e. when the relevant property has been completed and the possession of the property has been delivered to the purchaser. Revenue derived from property development increased by approximately 38.6% to approximately RMB2,896.5 million for the six months ended 30 June 2017 from approximately RMB2,088.1 million in the first half of 2016. The increase was mainly due to the delivery of properties pre-sold under Zijin Mansion project upon its completion stage.

Property Investment

The Group's property investment mainly consisted of leasing of commercial properties (including predominantly shopping arcades, retail shops, office properties and carparks). Revenue generated from property investment increased by approximately 6.6% to approximately RMB11.3 million for the six months ended 30 June 2017 from approximately RMB10.6 million in the first half of 2016. The increase was primarily due to increase of monthly rental income generated from leasing contracts of the property investments during the period.

Gross Profit and Margin

Gross profit increased by approximately 44.7% to approximately RMB1,012.6 million for the six months ended 30 June 2017 from approximately RMB700.0 million in the first half of 2016, while the Group's gross profit margin increased to 34.8% in first half of 2017 as compared to a gross profit margin of 33.4% in the first half of 2016. The increase in gross profit margin was mainly attributable to the delivery of projects including Zijin Mansion project and Jiayuan New World which contributed a comparatively higher gross profit margin to the Group.

Other Income, Gains and Losses

The Group had other income and gains of approximately RMB30.4 million and approximately RMB66.6 million for the six months ended 30 June 2017 and 2016 respectively. The sharp decrease of other income and gains was mainly attributable to a decrease in foreign exchange gain to approximately RMB15.6 million for the six months ended 30 June 2017 from approximately RMB33.6 million for the six months ended 30 June 2016, which was mainly as a result of the appreciation of RMB that contributed to the depreciation of the value of the Group's HKD-denominated bank balances and cash.

Change in Fair Value upon Transfer from Inventories of Properties to Investment Properties/ of Investment Properties

The Group's change in fair value of investment properties increased to approximately RMB133.0 million for the six months ended 30 June 2017 from approximately RMB122.2 million for the six months ended 30 June 2016. The increase by approximately 8.9% was mainly due to that some of the property investments were nearly completed during the period which enables their values to be reflected in 2017.

Distribution and Selling Expenses

The distribution and selling expenses decreased to approximately RMB58.5 million for the six months ended 30 June 2017 from approximately RMB59.5 million for the six months ended 30 June 2016. The decrease by approximately 1.8% was mainly attributable to a decrease in sales commission in the first half of 2017.

Administrative Expenses

The Group's administrative expenses increased by approximately 12.7% to approximately RMB49.7 million for the six months ended 30 June 2017 from approximately RMB44.1 million for the six months ended 30 June 2016, which was mainly attributable to an increase of staff salaries and allowances resulting from the expansion of operation scale of the Group.

Other Expenses

The Group's other expenses decreased sharply to approximately RMB0.4 million for the six months ended 30 June 2017 from approximately RMB12.2 million for the six months ended 30 June 2016. Such expenses decreased by approximately 96.9% as no non-recurring listing expense was incurred in the first half of 2017 as compared to the first half of 2016.

Finance Costs

The Group's finance costs decreased to approximately RMB43.2 million for the six months ended 30 June 2017 from approximately RMB57.3 million for the six months ended 30 June 2016. The decrease of approximately 24.6% was mainly due to the decrease of the average borrowing interest rate.

Income Tax Expense

The Group's income tax expense increased to approximately RMB502.3 million for the six months ended 30 June 2017 from approximately RMB335.6 million for the six months ended 30 June 2016. The increase of approximately 49.7% was mainly due to an increase in profit before taxation, leading to an increase in taxable profit.

Profit and Total Comprehensive Income attributable to Owners of the Company

Profit and total comprehensive income attributable to owners of the Company increased by approximately 35.3% to approximately RMB515.0 million for the six months ended 30 June 2017 from approximately RMB380.7 million for the six months ended 30 June 2016.

Liquidity, Financial and Capital Resources

Cash Position

As at 30 June 2017, the Group had an aggregate of pledged/restricted bank deposits and bank balances and cash of approximately RMB3,344.9 million (as at 31 December 2016: approximately RMB1,416.4 million), representing an increase of approximately 136.1% as compared to that as at 31 December 2016. As at 30 June 2017, bank deposits of approximately RMB17.9 million (as at 31 December 2016: approximately RMB107.6 million) were pledged to secure bank borrowings raised by the Group.

The Group had restricted bank deposits of approximately RMB686.0 million as at 30 June 2017 (as at 31 December 2016: approximately RMB305.4 million) that were restricted for use in specific property development projects.

Borrowings and the Group's Pledged Assets

As at 30 June 2017, the Group had bank and other borrowings of approximately RMB6,169.6 million (as at 31 December 2016: approximately RMB5,700.1 million). Amongst the borrowings, approximately RMB2,150.4 million (as at 31 December 2016: approximately RMB3,385.6 million) will be repayable within one year and approximately RMB4,019.2 million (as at 31 December 2016: approximately RMB2,314.4 million) will be repayable after one year.

As at 30 June 2017, bank and other borrowings of approximately RMB6,168.6 million (as at 31 December 2016: approximately RMB5,668.7 million) were secured by bank balances, land use rights and properties of the Group. As at 30 June 2017, the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB10,002.4 million (as at 31 December 2016: approximately RMB10,721.8 million).

Senior Notes

In 2016, the Company issued senior secured notes with a principal amount of US$100,000,000 due in 2018 (the "2018 Senior Notes") which are listed on the Stock Exchange (Stock Code: 4329). The 2018 Senior Notes, bearing interest at a fixed rate of 9.75% per annum with interest payable semi-annually in arrears, will mature in September 2018.

On the redemption date, the Group may at any time redeem the 2018 Senior Notes, in whole but not in part, at redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the redemption date. The Group may at any time redeem the 2018 Senior Notes, in whole or in part, at any time and from time to time on or after 15 September 2017, at a redemption price equal to 105% of the principal amount of the 2018 Senior Notes, plus accrued and unpaid interest, if any, to the redemption date. The Group must make an offer to repurchase all 2018 Senior Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase upon the occurrence of a change of control triggering event or a delisting event as set out in the offering circular.

In 2017, the Company issued senior secured notes with a principal amount of US$50,000,000 due in April 2019 (the "April 2019 Senior Notes"). The April 2019 Senior Notes, bearing interest at a fixed rate of 8.5% per annum with interest payable quarterly in arrears, will mature in April 2019.

The Group may redeem the April 2019 Senior Notes upon giving not less than 15 days' nor more than 60 days' notice, in whole but not in part, at redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the redemption date. The Group may redeem the April 2019 Senior Notes, in whole or in part, at any time and from time to time on or after 7 April 2018, at a redemption price equal to 105% of the principal amount of the April 2019 Senior Notes, plus accrued and unpaid interest, if any, to the redemption date. The Group must make an offer to repurchase all April 2019 Senior Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase upon the occurrence of a change of control triggering event as set out in the note purchase agreement.

In 2017, the Company issued senior secured notes with a principal amount of US$50,000,000 due in May 2019 (the "May 2019 Senior Notes"). The May 2019 Senior Notes, bearing interest at a fixed rate of 8.5% per annum with interest payable quarterly in arrears, will mature in May 2019.

The Group may redeem the May 2019 Senior Notes upon giving not less than 15 days' nor more than 60 days' notice, in whole but not in part, at redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the redemption date. The Group may at any time redeem the May 2019 Senior Notes, in whole or in part, at any time and from time to time on or after 19 May 2018, at a redemption price equal to 105% of the principal amount of the May 2019 Senior Notes, plus accrued and unpaid interest, if any, to the redemption date. The Group must make an offer to repurchase all May 2019 Senior Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase upon the occurrence of a change of control triggering event as set out in the note purchase agreement.

In the opinion of the Directors, the fair value of the early redemption option is insignificant at initial recognition and the end of the Reporting Period.

Net Gearing Ratio

The net gearing ratio of the Group improved significantly, the ratio dropped significantly from 150.2% as at 31 December 2016 to 86.3% as at 30 June 2017. The net gearing ratio was measured by net debt (bank and other borrowings and senior notes as mentioned above net of bank balances and cash and pledged/restricted bank deposits) over the total equity.

Exchange Rate Risk

The Group mainly operates its business in China. Other than the foreign currency denominated bank deposits, borrowings and deposits paid for a life insurance policy, the Group does not have any other material direct exposure to foreign exchange fluctuations. During the six months ended 30 June 2017, though the exchange rates of RMB against U.S. dollar and Hong Kong dollar decreased, the Directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

The Group will closely monitor the exchange rate risk regularly and make foreign exchange hedging arrangement when necessary. The Group considers that no foreign exchange hedging arrangement is needed currently.

Commitments

As at 30 June 2017, the Group had committed payment for the construction and land development expenditure amounting to approximately RMB2,818.0 million (as at 31 December 2016: approximately RMB3,696.9 million).

Contingent Liabilities

As at 30 June 2017, the Group had provided guarantees amounting to approximately RMB3,608.3 million (as at 31 December 2016: approximately RMB3,376.4 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee will be released upon the purchaser obtaining the relevant building ownership certificate and completion of the relevant mortgage registration. In the opinion of the Directors, no provision for the guarantee contracts was recognised in the financial statements for the six months ended 30 June 2017 as the possibility of default by the purchasers of the Group's properties is remote.

Material Acquisitions and Disposals

For the six months ended 30 June 2017, the Group completed the acquisition of the entire equity interest in Yangzhou Jialian, which holds a mixed-use property development project under construction located at Yangzhou City, Jiangsu Province, the PRC. Please refer to the Company's announcement dated 30 June 2017 (the "Announcement") for further details.

Save as disclosed in the Announcement, the Group did not have any material acquisitions and disposals during the six months ended 30 June 2017.

Future Plans for Material Investments

The Group will continue to invest in its property development projects and acquire suitable land parcels in selected cities, if it thinks fit. These investments will be funded by internal resources, external borrowings and proceeds from the global offering. Save as disclosed above, the Group did not have any future plans for material investments as at the date of this interim report.

Placing and Subscription of Shares

On 6 June 2017, Mingyuan Group Investment Limited ("Mingyuan Investment") (the "Vendor"), Haitong International Securities Company Limited and Huarong International Securities Limited (the "Placing Agents") and the Company entered into a placing agreement, pursuant to which, the Vendor agreed to sell and the Placing Agents, as agents of the Vendor, agreed to place, on a best effort basis, a total of up to 352,500,000 existing shares of the Company (the "Placing Shares") at the placing price of HK$3.35 per share (the "Placing").

On the same date, the Vendor and the Company entered into a subscription agreement, pursuant to which, the Vendor agreed to subscribe for up to 352,500,000 new shares of the Company at the price of HK$3.35 per subscription share. Pursuant to the said subscription agreement, the Vendor should subscribe for such number of new shares of the Company which was equal to the total number of the Placing Shares (the "Subscription").

The Placing and Subscription of a total of 352,500,000 shares were completed on 9 June 2017 and 19 June 2017 respectively. The Company intends to use the net proceeds of approximately RMB1,020 million from the Placing and Subscription primarily for acquisition of land bank and general working capital.

Please refer to the Company's announcements dated 6 June 2017 and 19 June 2017 for further details.

Employees, Remuneration Policies and Share Option Scheme

As at 30 June 2017, the Group had approximately 430 employees (as at 31 December 2016: 498 employees). For the six months ended 30 June 2017, the Group incurred employee costs of approximately RMB26.6 million (as at 31 December 2016: approximately RMB41.2 million). Remuneration for the employees generally includes salary and performance-based bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans, including pension insurance, medical insurance and personal injury insurance. The Company adopted a share option scheme on 12 February 2016 as incentive for eligible employees, details of which are set out in the section headed "Other Information – Share Option Scheme" on page 19 of this interim report.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board is committed to achieving high corporate governance standards.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices.

The Company has complied with all the code provisions as set out in the CG Code for the six months ended 30 June 2017.

The Directors will use their best endeavors to procure the Company to continue to comply with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

The Company, after making specific inquiries to all Directors, confirmed that all of them have complied with the required standards in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the six months ended 30 June 2017.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors since the date of the 2016 annual report up to the date of this interim report are set out below:

Dr. Cheung Wai Bun, Charles, *JP*, was appointed as an independent non-executive director of China Taifeng Beddings Holdings Limited (Stock Code: 873) (listed on the Main Board of the Stock Exchange) on 20 April 2017, and an executive director and the chairman of the board of directors of Roma Group Limited (Stock Code: 8072) (listed on the GEM Board of the Stock Exchange) on 2 June 2017.

Mr. Tai Kwok Leung, Alexander was appointed as an independent non-executive director, the chairman of the audit committee and members of the remuneration committee and nomination committee of G & M Holdings Limited (Stock Code: 6038) (listed on the Main Board of the Stock Exchange) on 12 May 2017.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW OF CONSOLIDATED FINANCIAL INFORMATION

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited consolidated interim results of the Group for the six months ended 30 June 2017.

The consolidated interim financial statements of the Group for the six months ended 30 June 2017 have not been audited but have been reviewed by the Company's independent auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 12 February 2016 (the "Share Option Scheme"). The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined below) have had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivating the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

Pursuant to the Share Option Scheme, the Directors may, at their absolute discretion, offer to grant an option to subscribe for ordinary shares with a par value of HK$0.01 each (the "Shares") of the Company subject to such conditions (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before an option can be exercised) as they may think fit, to the following persons (the "Eligible Participants"): (a) any full-time or part-time employees, executives or officers of the Company; (b) any director (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries; (c) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and (d) such other persons who, in the sole opinion of the Directors, will contribute or have contributed to the Group.

A consideration of HK$1.00 is payable on acceptance of the offer of grant of an option.

The maximum number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Company) to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 180,000,000 Shares, being 10% of the Shares in issue as at 8 March 2016, the date of the Company's Shares being listed on the Main Board of the Stock Exchange (the "Listing Date"). No share options had been granted by the Company under the Share Option Scheme up to 30 June 2017. Therefore, the number of Shares available for issue is 180,000,000 Shares, being approximately 8.1% of the Shares in issue as at the date of this interim report.

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (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. Any further grant of options in excess of the 1% limit shall be subject to shareholders' approval in general meeting with such participant and his associates abstaining from voting.

The subscription price per Share under the Share Option Scheme shall be a price determined by the Directors, but shall not be lower than the higher of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a trading day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (c) the nominal value of a Share.

The Share Option Scheme will remain in force for a period of 10 years from the Listing. The period during which an option may be exercised will be determined by the Directors in their absolute discretion, save that no option shall be exercised later than 10 years from the date of grant.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES

As at 30 June 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Interest in Shares of the Company

Name of Director	Nature of interest	Number of shares or securities held(1)	Percentage of interest in the Company(5)
Mr. Shum Tin Ching(2)	Interest of a controlled corporation	1,350,000,000(3),(4) shares (L)	60.81%
	Interest of a controlled corporation	600,000,000(4) shares (S)	27.03%

Notes:

(1) The letters "L" and "S" denote the Director's long position and short position in the shares of the Company respectively.

(2) The disclosed interest represents the interest in the Company held by Mingyuan Investment, which is wholly-owned by Mr. Shum Tin Ching. Therefore, Mr. Shum Tin Ching is deemed to be interested in Mingyuan Investment's interest in the Company.

(3) On 19 December 2016, Mingyuan Investment entered into a share charge agreement with CTI Capital Management Limited, pursuant to which, Mingyuan Investment has agreed to pledge 280,000,000 shares out of 1,350,000,000 shares held by it in favour of CTI Capital Management Limited as one of the securities for a term loan granted by CTI Capital Management Limited to an Australian company with majority shares indirectly owned by Mr. Shum Tin Ching.

The 280,000,000 pledged shares have been released and the relevant procedures for the release of the pledge were completed on 23 June 2017.

(4) On 29 June 2017, Mingyuan Investment entered into a share mortgage agreement with CCB International Overseas Limited, pursuant to which, Mingyuan Investment agreed to pledge 600,000,000 shares out of 1,350,000,000 shares held by it in favour of CCB International Overseas Limited as one of the collaterals for a secured note issued by a company wholly owned by Mr. Shum Tin Ching to CCB International Overseas Limited.

(5) As at 30 June 2017, the total number of issued shares of the Company was 2,220,000,000.

(b) Interest in share of Mingyuan Investment

Name of Director	Nature of interest	Number of shares or securities held(1)	Percentage of shareholding
Mr. Shum Tin Ching	Beneficial owner	1 share (L)	100%

Note:

(1) The letter "L" denotes the Director's long position in the share of Mingyuan Investment.

Save as disclosed above, as at 30 June 2017, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2017, so far as the Directors are aware, the following persons (other than the Directors or the chief executive of the Company) had interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Substantial Shareholder	Nature of interest	Number of shares or securities held[1]	Percentage of interest in the Company[8]
Ms. Wang Xinmei[2]	Interest of spouse	1,350,000,000[4],[5] shares (L)	60.81%
	Interest of spouse	600,000,000[5] shares (S)	27.03%
Mingyuan Investment[3]	Beneficial owner	1,350,000,000[4],[5] shares (L)	60.81%
	Beneficial owner	600,000,000[5] shares (S)	27.03%
CCB International Overseas Limited[6]	Person having a security interest in shares	600,000,000[5] shares (L)	27.03%
CCB International (Holdings) Limited[6]	Person having a security interest in shares	600,000,000[5] shares (L)	27.03%
CCB Financial Holdings Limited[6]	Person having a security interest in shares	600,000,000[5] shares (L)	27.03%
CCB International Group Holdings Limited[6]	Person having a security interest in shares	600,000,000[5] shares (L)	27.03%
China Construction Bank Corporation[6]	Person having a security interest in shares	600,000,000[5] shares (L)	27.03%
Central Huijin Investment Ltd.[6]	Person having a security interest in shares	600,000,000[5] shares (L)	27.03%
China Orient Asset Management Corporation[7]	Interest of a controlled corporation	142,100,000 shares (L)	6.40%
China Orient Asset Management (International) Holding Limited[7]	Beneficial owner	142,100,000 shares (L)	6.40%
Wise Leader Assets Ltd.[7]	Interest of a controlled corporation	142,100,000 shares (L)	6.40%
Dong Yin Development (Holdings) Limited[7]	Interest of a controlled corporation	142,100,000 shares (L)	6.40%

Notes:

(1) The letters "L" and "S" denote a person's/an entity's long position and short position in the shares of the Company respectively.

(2) Ms. Wang Xinmei, the spouse of Mr. Shum Tin Ching, is deemed to be interested in Mr. Shum Tin Ching's interest in the Company.

(3) These shares are held by Mingyuan Investment, which is wholly-owned by Mr. Shum Tin Ching.

(4) On 19 December 2016, Mingyuan Investment entered into a share charge agreement with CTI Capital Management Limited, pursuant to which, Mingyuan Investment has agreed to pledge 280,000,000 shares out of 1,350,000,000 shares held by it in favour of CTI Capital Management Limited as one of the securities for a term loan granted by CTI Capital Management Limited to an Australian company with majority shares indirectly owned by Mr. Shum Tin Ching.

The 280,000,000 pledged shares have been released and the relevant procedures for the release of the pledge were completed on 23 June 2017.

(5) On 29 June 2017, Mingyuan Investment entered into a share mortgage agreement with CCB International Overseas Limited, pursuant to which, Mingyuan Investment agreed to pledge 600,000,000 shares out of 1,350,000,000 shares held by it in favour of CCB International Overseas Limited as one of the collaterals for a secured note issued by a company wholly owned by Mr. Shum Tin Ching to CCB International Overseas Limited.

(6) Based on the public records, these security interest in shares are held by CCB International Overseas Limited, which is a wholly-owned subsidiary of CCB International (Holdings) Limited. CCB International (Holdings) Limited is a wholly-owned subsidiary of CCB Financial Holdings Limited, which is in turn a wholly-owned subsidiary of CCB International Group Holdings Limited. CCB International Group Holdings Limited is a wholly-owned subsidiary of China Construction Bank Corporation, which is owned as to 57.11% by Central Huijin Investment Ltd..

(7) Based on the public records, these shares are held by China Orient Asset Management (International) Holding Limited, which is owned as to 50% by Wise Leader Assets Ltd. and as to 50% by Dong Yin Development (Holdings) Limited. Wise Leader Assets Ltd. is a wholly-owned subsidiary of Dong Yin Development (Holdings) Limited, which is in turn a wholly-owned subsidiary of China Orient Asset Management Corporation.

(8) As at 30 June 2017, the total number of issued shares of the Company was 2,220,000,000.

Save as disclosed above, as at 30 June 2017, the Directors were not aware of any person who had an interest or short position in the shares and the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte. 德勤

TO THE MEMBERS OF JIAYUAN INTERNATIONAL GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Jiayuan International Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 24 to 50, which comprise the condensed consolidated statement of financial position as of 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

23 August 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended 30 June	
	NOTES	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Revenue		**2,907,794**	2,098,644
Cost of sales		**(1,895,156)**	(1,398,624)
Gross profit		**1,012,638**	700,020
Other income	4	**14,824**	33,014
Other gains and losses	4	**15,619**	33,616
Change in fair value of investment properties		**132,969**	106,741
Change in fair value upon transfer from inventories of properties to investment properties		**–**	15,412
Distribution and selling expenses		**(58,450)**	(59,539)
Administrative expenses		**(49,687)**	(44,083)
Other expenses		**(383)**	(12,186)
Finance costs	5	**(43,219)**	(57,318)
Share of results of an associate		**(1)**	–
Profit before taxation		**1,024,310**	715,677
Income tax expense	6	**(502,268)**	(335,558)
Profit and total comprehensive income for the period	7	**522,042**	380,119
Profit (loss) and total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**515,034**	380,727
Non-controlling interests		**7,008**	(608)
		522,042	380,119
Earnings per share			
Basic (RMB cents)	9	**26.91**	22.81
Diluted (RMB cents)	9	**26.91**	22.81

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	NOTES	**30.6.2017 RMB'000 (unaudited)**	31.12.2016 RMB'000 (audited)
NON-CURRENT ASSETS			
Investment properties	*10*	**2,537,019**	2,173,368
Property and equipment	*11*	**84,588**	85,507
Interest in an associate		**14,999**	–
Available-for-sale investment	*12*	**52,200**	53,820
Prepayment and deposit paid for a life insurance policy		**9,478**	9,513
Deposits paid for acquisition of subsidiaries	*13*	**1,610,000**	1,400,000
Deferred tax assets		**278,227**	216,673
		4,586,511	3,938,881
CURRENT ASSETS			
Inventories of properties			
– held for sale		**1,315,898**	730,211
– under development		**10,751,025**	9,836,441
Amounts due from customers for contract work		**109,170**	110,580
Trade and other receivables, deposits and prepayments	*14*	**1,630,277**	1,168,969
Held-to-maturity investment	*15*	**125,889**	129,796
Prepaid income tax		**139,551**	66,400
Amounts due from related parties	*25(e)*	**625**	3,934
Restricted/pledged bank deposits		**729,343**	438,795
Bank balances and cash		**2,615,593**	977,653
		17,417,371	13,462,779
CURRENT LIABILITIES			
Trade and other payables and accrued expenses	*16*	**1,807,999**	1,052,061
Pre-sale deposits received		**5,972,127**	5,167,027
Tax payable		**1,032,806**	700,563
Amount due to a related party	*25(e)*	**668**	140
Bank and other borrowings – due within one year	*17*	**2,150,373**	3,385,640
		10,963,973	10,305,431
NET CURRENT ASSETS		**6,453,398**	3,157,348
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,039,909**	7,096,229

	NOTES	**30.6.2017 RMB'000 (unaudited)**	31.12.2016 RMB'000 (audited)
CAPITAL AND RESERVES			
Share capital	*19*	**18,625**	15,558
Reserves		**4,802,767**	3,191,752
Equity attributable to owners of the Company		**4,821,392**	3,207,310
Non-controlling interests		**25,680**	107,942
TOTAL EQUITY		**4,847,072**	3,315,252
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year	*17*	**4,019,221**	2,314,420
Deferred income	*16*	**447,448**	436,341
Deferred tax liabilities		**367,808**	334,566
Senior notes	*18*	**1,358,360**	695,650
		6,192,837	3,780,977
		11,039,909	7,096,229

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2017

	Attributable to owners of the Company							
	Share capital RMB'000	**Share premium** RMB'000	**Other reserve** RMB'000	**Statutory surplus reserve** RMB'000 *(Note i)*	**Retained earnings** RMB'000	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
At 1 January 2016 (audited)	–	–	196,843	29,713	1,133,649	1,360,205	19,878	1,380,083
Profit (loss) and total comprehensive income (expense) for the period	–	–	–	–	380,727	380,727	(608)	380,119
Issue of shares through initial public offering upon listing	3,749	925,991	–	–	–	929,740	–	929,740
Capitalisation	11,247	(11,247)	–	–	–	–	–	–
Exercise of over-allotment option	562	138,899	–	–	–	139,461	–	139,461
Share issuance costs	–	(33,249)	–	–	–	(33,249)	–	(33,249)
At 30 June 2016 (unaudited)	15,558	1,020,394	196,843	29,713	1,514,376	2,776,884	19,270	2,796,154
At 1 January 2017 (audited)	**15,558**	**1,020,394**	**196,843**	**48,690**	**1,925,825**	**3,207,310**	**107,942**	**3,315,252**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**–**	**515,034**	**515,034**	**7,008**	**522,042**
Placing and subscription of shares	**3,067**	**1,014,159**	**–**	**–**	**–**	**1,017,226**	**–**	**1,017,226**
Acquisition of additional interest in a subsidiary from a non-controlling shareholder *(Note ii)*	**–**	**–**	**81,822**	**–**	**–**	**81,822**	**(89,270)**	**(7,448)**
At 30 June 2017 (unaudited)	**18,625**	**2,034,553**	**278,665**	**48,690**	**2,440,859**	**4,821,392**	**25,680**	**4,847,072**

Notes:

(i) In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China (the "PRC"), those subsidiaries are required to transfer 10% of the profit after taxation to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

(ii) On 2 May 2017, Nanjing Gangyuan Investment Consulting Co., Limited, a wholly-owned subsidiary of the Company, further acquired 20% equity interest of Jiangsu De Run Hong Xiang Property Co., Ltd. held by non-controlling interests for a cash consideration of RMB7,448,000.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended 30 June 2017

	NOTE	Six months ended 30 June 2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
NET CASH FROM OPERATING ACTIVITIES		**745,823**	851,207
INVESTING ACTIVITIES			
Additions of property and equipment		**(2,028)**	(130)
Proceeds from disposal of property and equipment		**104**	–
Additions of investment properties		**(230,682)**	(4,672)
Disposal of investment properties		**–**	4,284
Interest received		**2,126**	28,568
Deposits paid for acquisition of subsidiaries		**(350,000)**	–
Acquisition of subsidiaries	*20*	**(29,741)**	(416,604)
Capital injection to an associate		**(15,000)**	–
Placement of restricted/pledged bank deposits		**(819,243)**	(782,121)
Withdrawal of restricted/pledged bank deposits		**528,695**	654,029
NET CASH USED IN INVESTING ACTIVITIES		**(915,769)**	(516,646)
FINANCING ACTIVITIES			
Proceeds from borrowings		**2,800,851**	972,623
Repayment of borrowings		**(2,328,370)**	(1,228,217)
Interest paid		**(361,021)**	(308,512)
Proceeds from initial public offering		**–**	1,069,201
Proceeds from placing and subscription of shares		**1,017,226**	–
Proceeds from issuance of senior notes		**679,200**	–
Share issuance costs		**–**	(33,249)
NET CASH FROM FINANCING ACTIVITIES		**1,807,886**	471,846
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,637,940**	806,407
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**977,653**	28,027
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, representing bank balances and cash		**2,615,593**	834,434

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRESENTATION

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

In March 2016, the Company completed the initial listing of its shares on the Main Board of the Stock Exchange (the "Listing").

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRS(s)") issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors, being the chief operating decision maker, for the purpose of allocating resources to segments and assessing their performance. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

1. Property development – development and sales of office premises, shopping arcade and residential properties

2. Property investment – leasing of office premises, hotel, shopping arcade and carparks

3. Development services – development of resettlement properties and other public facilities

There is no revenue generated from the development services during the six months periods ended 30 June 2017 and 2016. The Group would continue to engage in the provision of development services in the future.

No segment assets and liabilities are presented as they were not regularly provided to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Information regarding the above segments is reported below.

3. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments for the periods:

	Segment revenue Six months ended 30 June		Segment profit Six months ended 30 June	
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	**2017 RMB'000 (unaudited)**	2016 RMB'000 (unaudited)
Property development	**2,896,531**	2,088,081	**904,975**	589,868
Property investment	**11,263**	10,563	**11,263**	10,563
Total	**2,907,794**	2,098,644	**916,238**	600,431
Other gains and losses			**15,619**	33,616
Interest income			**12,723**	32,750
Central administration costs			**(10,019)**	(5,981)
Change in fair value of investment properties			**132,969**	106,741
Change in fair value upon transfer from inventories of properties to investment properties			**–**	15,412
Other expenses			**–**	(9,974)
Finance costs			**(43,219)**	(57,318)
Share of results of an associate			**(1)**	–
Profit before taxation			**1,024,310**	715,677

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs, other gains and losses, interest income, certain other expenses, change in fair value of investment properties, change in fair value upon transfer from inventories of properties to investment properties and finance costs. This is the measure reported to the chief operating decision maker, for the purposes of resources allocation and performance assessment.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the periods reported.

Other segment information

	Depreciation of property and equipment Six months ended 30 June	
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Amount included in the measure of segment profit or loss:		
Property development	**2,372**	1,542

3. SEGMENT INFORMATION (CONTINUED)

Geographical information

The following tables set out information about the Group's revenue from external customers by cities in the PRC, based on the location at which the properties are sold and properties are invested. Information about its non-current assets is analysed by geographical location of assets.

	Revenue from external customers Six months ended 30 June	
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Changzhou	**147,673**	242,617
Nanjing	**1,556,365**	1,253,571
Suqian	**299,043**	149,588
Taixing	**898,677**	416,038
Taizhou	**4,351**	35,001
Yangzhou	**1,685**	1,829
	2,907,794	2,098,644

	Non-current assets	
	30.6.2017 RMB'000 (unaudited)	31.12.2016 RMB'000 (audited)
Changzhou	**363,093**	314,948
Hong Kong	**76,810**	77,772
Nanjing	**4,799**	5,451
Nantong	**228**	309
Shenzhen	**79**	–
Suqian	**222,516**	218,173
Taicang	**168**	–
Taixing	**824,484**	831,341
Taizhou	**423,609**	418,540
Yangzhou	**705,209**	392,165
Zhenjiang	**612**	176
	2,621,607	2,258,875

Note: Non-current assets excluded interest in an associate, available-for-sale investment, prepayment and deposit paid for a life insurance policy, deposits paid for acquisition of subsidiaries and deferred tax assets.

Information about major customers

There were no customers individually contributing over 10% of the total sale amounts for the periods reported.

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Other income		
Interest income on bank deposits	**2,126**	7,520
Interest income on entrusted loans receivable	**–**	25,230
Interest income on available-for-sale investment	**7,491**	–
Interest income on held-to-maturity investment	**3,106**	–
Others	**2,101**	264
	14,824	33,014
Other gains and losses		
Gain on disposal of property and equipment	**18**	–
Foreign exchange gain	**15,601**	33,616
	15,619	33,616

5. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank and other borrowings	**326,433**	399,013
Interest on senior notes	**43,859**	–
Less: Capitalised in investment properties/properties under development	**(327,073)**	(341,695)
	43,219	57,318

Finance costs have been capitalised for investment properties under construction and properties under development at average rate of 6.35% for the six months ended 30 June 2017 (six months ended 30 June 2016: 8.01%).

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
Enterprise Income Tax ("EIT") in the PRC	**284,862**	134,169
Land Appreciation Tax ("LAT")	**245,717**	147,086
	530,579	281,255
Deferred tax	**(28,311)**	54,303
	502,268	335,558

No provision for taxation has been recognised for companies incorporated in the Cayman Islands and the British Virgin Islands as they are not subject to any tax during both periods.

No provision for Hong Kong Profits Tax has been recognised in the condensed consolidated financial statements during both periods as the Group does not have income which arises in, or is derived from Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

According to the requirements of the Provisional Regulations of the PRC on LAT effective from 1 January 1994 and amended on 8 January 2012, and the Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995 (collectively referred to the "LAT Regulations"), all gains arising from the sale or transfer of real estate in the PRC with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including payments made for acquisition of land use rights, costs and expenses for the development of the land or for construction of new buildings and supporting facilities, or the assessed value for old buildings and structures, tax payable relating to transfer of the real estate and other deductible items prescribed by the Ministry of Finance. Apart from the aforementioned deductions, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land use rights and the costs of land development and construction of new buildings or related facilities.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Cost of properties held for sale recognised as expenses	**1,895,156**	1,398,624
Depreciation of property and equipment	**3,035**	1,558
Less: Capitalised in properties under development	**(663)**	(16)
	2,372	1,542
Listing expenses (included in other expenses)	**–**	8,639

8. DIVIDEND

No dividend has been paid or proposed by the Company during the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**515,034**	380,727

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,914,240**	1,668,832
Effect of dilutive potential ordinary shares: Over-allotment option	**–**	305
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,914,240**	1,669,137

10. INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
FAIR VALUE			
At 1 January 2017 (audited)	1,560,368	613,000	2,173,368
Additions	–	230,682	230,682
Transfer	344,801	(344,801)	–
Net change in fair value recognised in profit or loss	(150)	133,119	132,969
At 30 June 2017 (unaudited)	1,905,019	632,000	2,537,019

The completed investment properties and investment properties under construction are all situated in the PRC under medium-term leases. More than 80% of the completed investment properties are rented out under operating leases.

The fair values of the Group's investment properties at 30 June 2017 and at dates of transfer have been arrived at on the basis of valuations on those dates carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuations of completed investment properties were arrived at with adoption of income capitalisation approach by considering the capitalised rental income derived from the existing tenancies with due provision for any reversionary income potential of the respective properties and market evidence of transaction prices for similar properties in the same locations and conditions, where appropriate.

The valuations of investment properties under construction were arrived at with adoption of residual approach. Residual approach is adopted when investment properties under construction is close to completion state based on market observable transactions of completed properties with the basis that they will be developed and completed in accordance with the latest development proposals and taken into account the accrued construction costs that will be expended to complete the development to reflect the quality of the completed development and developer's gross profit margin.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

All of the Group's property interests held under operating leases in the PRC to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

11. PROPERTY AND EQUIPMENT

During the period, the Group has spent RMB2,028,000 on property and equipment (six months ended 30 June 2016: RMB130,000). In addition, the Group has disposed of property and equipment with carrying value amounted to RMB86,000 (six months ended 30 June 2016: Nil) during the period.

12. AVAILABLE-FOR-SALE INVESTMENT

	30.6.2017 RMB'000 (unaudited)	31.12.2016 RMB'000 (audited)
Unlisted fund in the PRC, at cost	**52,200**	53,820

The above unlisted fund investment represents investments in unlisted fund issued by private entity incorporated in the PRC. It is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured realisably.

13. DEPOSITS PAID FOR ACQUISITION OF SUBSIDIARIES

The Group entered into framework agreements ("Framework Agreements") with independent third parties in relation to the acquisition of a number of companies which are principally engaged in property development in the PRC. As at 30 June 2017, the Group had made deposits of RMB1,610,000,000 (31 December 2016: RMB1,400,000,000) in relation to these acquisitions. According to the Framework Agreements, in case of incompletion of the acquisitions, the deposits paid will be fully refunded to the Group.

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.6.2017 RMB'000 (unaudited)	31.12.2016 RMB'000 (audited)
Rental receivables	**42,604**	38,212
Prepaid construction costs	**636,697**	494,151
Prepaid business and other taxes	**239,568**	218,002
Deposits for acquisition of land use rights	**125,786**	1,466
Projects related deposits	**122,766**	99,156
Deposits for trust financing arrangement *(Note i)*	**4,800**	4,800
Other deposits	**66,232**	20,368
Bills receivables	**2,500**	700
Advances to staff	**8,896**	22,411
Other loan receivable *(Note ii)*	**250,000**	–
Other receivables *(Note iii)*	**130,428**	269,703
	1,630,277	1,168,969

Notes:

(i) The amount is deposited in a trust financing company for raising trust loan to a subsidiary of the Group. The deposit will be refunded to the Group upon final repayment of the trust loan.

(ii) Other loan receivable represents a loan to an independent third party which is unsecured and interest bearing at 12% per annum.

(iii) Other receivables mainly represent temporary payments made to contractors and advances to contractors.

The Group allows an average credit period of 30 days to its trade customers. No trade receivable is noted at 30 June 2017 and 31 December 2016.

No allowance for doubtful debts on trade and other receivables is noted at 30 June 2017 and 31 December 2016.

15. HELD-TO-MATURITY INVESTMENT

	30.6.2017 RMB'000 (unaudited)	31.12.2016 RMB'000 (audited)
Unlisted fund, at cost	**125,889**	129,796

The above unlisted fund investment is measured at cost less impairment at the end of the reporting period, which is denominated in Australian dollars ("AUD"). The held-to-maturity investment carries interest at 12% per annum and was subsequently redeemed in July 2017.

16. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	30.6.2017 RMB'000 (unaudited)	31.12.2016 RMB'000 (audited)
Trade payables	**363,505**	405,118
Business and other taxes payable	**86,065**	18,889
Accrued charges *(Note i)*	**28,125**	123,892
Deferred income *(Note ii)*	**452,254**	442,629
Payables for acquisition of land	**–**	39,143
Deposits related to sales of properties	**32,015**	49,222
Deposits and other payables *(Note iii)*	**313,483**	224,987
Consideration payable for acquisition of subsidiaries	**980,000**	98,052
Other unsecured interest-free advances	**–**	86,470
	2,255,447	1,488,402
Less: Non-current portion of deferred income	**(447,448)**	(436,341)
Current portion	**1,807,999**	1,052,061

16. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES (CONTINUED)

Notes:

(i) Accrued charges mainly include construction cost accrued based on construction progress.

(ii) Deferred income comprises (i) deferred rental income from the Group's investment properties and (ii) deferred income arising from transfer of land use right of underground carparks which no building ownership certificate has been obtained by the Group. The income arising from sales of underground carparks is released to profit or loss as rental income and amortised on a straight line basis over the period of the land use right.

(iii) Deposits and other payables mainly represent accrued interest for bank borrowing, senior notes and various deposits received from contractors in relation to tendering and execution of construction contracts.

Trade payables comprise construction costs and other project-related expenses which are payable based on project progress measured by the Group. The average credit period of trade payable is 30 days.

The following is an aged analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

	30.6.2017 RMB'000 (unaudited)	31.12.2016 RMB'000 (audited)
0–30 days	**111,490**	193,649
31–90 days	**66,806**	60,353
91–180 days	**12,978**	20,150
181–360 days	**129,621**	20,702
Over 360 days	**42,610**	110,264
	363,505	405,118

17. BANK AND OTHER BORROWINGS

	30.6.2017 RMB'000 (unaudited)	31.12.2016 RMB'000 (audited)
Bank loans, secured	**1,793,793**	1,680,690
Trust loans, secured	**3,745,801**	1,588,000
Other loans, secured	**629,000**	2,400,000
Other loans, unsecured	**1,000**	31,370
	6,169,594	5,700,060
Less: Amount due within one year	**(2,131,195)**	(3,365,453)
Amount not due within one year but contain a repayment on demand clause	**(19,178)**	(20,187)
Amount shown under current liabilities	**(2,150,373)**	(3,385,640)
Amount shown under non-current liabilities	**4,019,221**	2,314,420

During the six months ended 30 June 2017, the Group obtained new borrowings amounting to RMB2,800,851,000 (six months ended 30 June 2016: RMB972,623,000) and repaid borrowings amounting to RMB2,328,370,000 (six months ended 30 June 2016: RMB1,228,217,000).

As at 30 June 2017, borrowings amounting to RMB6,085,221,000 (31 December 2016: RMB5,625,790,000) carry fixed rates of interest ranging from 2.82% to 14.50% per annum (31 December 2016: 4% to 20% per annum). The remaining borrowings amounting to RMB84,373,000 (31 December 2016: RMB74,270,000) carry interest at variable rates with the effective interest rate ranging from 1.72% to 3.44% per annum (31 December 2016: 1.72% to 3.22% per annum).

Bank and other borrowings amounting to RMB6,168,594,000 as at 30 June 2017 (31 December 2016: RMB5,668,690,000) are secured by the pledge of assets as set out in note 21, out of which RMB2,094,373,000 (31 December 2016: RMB654,271,000) are also guaranteed by a director of the Company and related parties as set out in note 25(d).

18. SENIOR NOTES

	30.6.2017 RMB'000 (unaudited)	31.12.2016 RMB'000 (audited)
2016 senior notes due September 2018 *(Note i)*	**679,180**	695,650
2017 senior notes due April 2019 *(Note ii)*	**339,590**	–
2017 senior notes due May 2019 *(Note iii)*	**339,590**	–
	1,358,360	695,650

Notes:

(i) In 2016, the Company issued senior secured notes with a principal amount of US$100,000,000 due in 2018 (the "2018 Senior Notes") are listed on the Stock Exchange. The 2018 Senior Notes, bearing interest at a fixed rate of 9.75% per annum with interest payable semi-annually in arrears, will mature in September 2018.

On the redemption date, the Group may at any time redeem the 2018 Senior Notes, in whole but not in part, at redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the redemption date. The Group may at any time redeem the 2018 Senior Notes, in whole or in part, at any time and from time to time on or after 15 September 2017, at a redemption price equal to 105% of the principal amount of the 2018 Senior Notes, plus accrued and unpaid interest, if any, to the redemption date. The Group must make an offer to repurchase all 2018 Senior Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase upon the occurrence of a change of control triggering event or a delisting event as defined in the offering circular.

(ii) In 2017, the Company issued senior secured notes with a principal amount of US$50,000,000 due in April 2019 (the "April 2019 Senior Notes"). The April 2019 Senior Notes, bearing interest at a fixed rate of 8.5% per annum with interest payable quarterly in arrears, will mature in April 2019.

The Group may redeem the April 2019 Senior Notes upon giving not less than 15 days' nor more than 60 days' notice, in whole but not in part, at redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the redemption date. The Group may at any time redeem the April 2019 Senior Notes, in whole or in part, at any time and from time to time on or after 7 April 2018, at a redemption price equal to 105% of the principal amount of the April 2019 Senior Notes, plus accrued and unpaid interest, if any, to the redemption date. The Group must make an offer to repurchase all April 2019 Senior Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase upon the occurrence of a change of control triggering event as defined in the note purchase agreement.

(iii) In 2017, the Company issued senior secured notes with a principal amount of US$50,000,000 due in May 2019 (the "May 2019 Senior Notes"). The May 2019 Senior Notes, bearing interest at a fixed rate of 8.5% per annum with interest payable quarterly in arrears, will mature in May 2019.

The Group may redeem the May 2019 Senior Notes upon giving not less than 15 days' nor more than 60 days' notice, in whole but not in part, at redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the redemption date. The Group may at any time redeem the May 2019 Senior Notes, in whole or in part, at any time and from time to time on or after 19 May 2018, at a redemption price equal to 105% of the principal amount of the May 2019 Senior Notes, plus accrued and unpaid interest, if any, to the redemption date. The Group must make an offer to repurchase all May 2019 Senior Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase upon the occurrence of a change of control triggering event as defined in the note purchase agreement.

In the opinion of the directors of the Company, the fair value of the early redemption option is insignificant at initial recognition and the end of the reporting period.

19. SHARE CAPITAL

	Number of shares	Nominal value HK$'000
Ordinary shares of HK$0.01 each		
Authorised		
At 1 January 2017 and 30 June 2017	10,000,000,000	100,000
Issued and fully paid		
At 1 January 2017	1,867,500,000	18,675
Placing and subscription of shares *(Note)*	352,500,000	3,525
At 30 June 2017	2,220,000,000	22,200

Shown in the condensed consolidated financial statements as:

	RMB'000
At 30 June 2017 (unaudited)	18,625
At 31 December 2016 (audited)	15,558

Note: On 19 June 2017, the shares issued and fully paid was increased from HK$18,675,000 to HK$22,200,000 by the placing and subscription of 352,500,000 shares of HK$0.01 each.

20. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

Subsidiaries acquired in 2017

(a) On 25 May 2017, the Group acquired 100% equity interest in Haiyi International Land (Taicang) Co., Limited ("Haiyi Taicang") for a consideration of RMB230,000,000. This acquisition has been accounted for as purchase of assets and liabilities. Haiyi Taicang is engaged in the property development operations, and was acquired from independent third parties so as to continue the expansion of the Group's property development operations.

Consideration

	RMB'000
Cash paid	30,000
Consideration payable	200,000
Total cash consideration	230,000

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Non-current asset	
Property and equipment	174
Current assets	
Inventories of properties – under development	237,089
Other receivables	75,654
Bank balances and cash	259
Current liability	
Trade and other payables	(83,176)
Net assets	230,000

Net cash flows on acquisition of a subsidiary

	RMB'000
Consideration paid in cash	30,000
Less: Bank balances and cash acquired	(259)
	29,741

20. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES (CONTINUED)

Subsidiaries acquired in 2017 (Continued)

(b) On 30 June 2017, a 70% owned subsidiary acquired 100% equity interest in Yangzhou Jialian Property Development Co., Limited ("Yangzhou Jialian") for a consideration of RMB890,000,000. This acquisition has been accounted for as purchase of assets and liabilities. Yangzhou Jialian is engaged in the property development operations, and was acquired from independent third parties so as to continue the expansion of the Group's property development operations.

Consideration

	RMB'000
Cash paid *(Note)*	140,000
Consideration payable	750,000
Total cash consideration	890,000

Note: Amount included in deposits paid for acquisition of subsidiaries as at 31 December 2016.

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Current asset	
Inventories of properties – under development	890,378
Current liability	
Amount due to immediate holding company	(378)
Net assets	890,000

Net cash flows on acquisition of a subsidiary

	RMB'000
Consideration paid in cash	140,000

20. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES (CONTINUED)

Subsidiary acquired in 2016

(c) On 27 June 2016, the Group acquired 100% equity interest in Yangzhou Xiangjiang New City Center Property Co., Ltd. ("Yangzhou Xiangjiang") for a consideration of RMB816,279,000. This acquisition has been accounted for as purchase of assets and liabilities. Yangzhou Xiangjiang is engaged in the property development operations, and was acquired from independent third parties so as to continue the expansion of the Group's property development operations.

Consideration

	RMB'000
Cash paid	416,804
Consideration payable	399,475
Total cash consideration	816,279

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Non-current asset	
Property and equipment	14
Current assets	
Inventories of properties – under development	817,260
Other receivables	58
Bank balances and cash	200
Current liability	
Trade and other payables	(1,253)
Net assets	816,279

Net cash flows on acquisition of a subsidiary

	RMB'000
Consideration paid in cash	416,804
Less: Bank balances and cash acquired	(200)
	416,604

21. PLEDGE OF ASSETS

The following assets were pledged to secure the mortgage guarantees provided to customers and certain banking and other facilities granted to the Group at the end of the reporting period:

	30.6.2017 RMB'000 (unaudited)	31.12.2016 RMB'000 (audited)
Pledged bank deposits	17,903	133,445
Prepayment and deposit paid for a life insurance policy	9,478	9,513
Property and equipment	76,397	77,215
Investment properties	1,488,471	1,139,599
Properties under development	8,156,449	9,185,976
Properties held for sale	253,700	176,035
	10,002,398	10,721,783

22. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of leased properties under non-cancellable operating leases which fall due as follows:

	30.6.2017 RMB'000 (unaudited)	31.12.2016 RMB'000 (audited)
Within one year	580	901
In the second to fifth year inclusive	–	120
	580	1,021

Operating lease payments represent rentals payable by the Group for certain of its office premises and staff quarters. Leases are negotiated for terms ranging from 1 to 3 years with fixed rentals.

22. OPERATING LEASE COMMITMENTS (CONTINUED)

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	30.6.2017 RMB'000 (unaudited)	31.12.2016 RMB'000 (audited)
Within one year	**15,489**	14,472
In the second to fifth year inclusive	**70,979**	70,312
After five years	**87,936**	96,189
	174,404	180,973

Leases are negotiated for terms ranging from 1 to 15 years with fixed rentals.

23. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

	30.6.2017 RMB'000 (unaudited)	31.12.2016 RMB'000 (audited)
Contracted but not provided for in the condensed consolidated financial statements:		
– Expenditure in respect of projects classified as properties under development for sales and investment properties under construction	**2,818,034**	3,696,866

24. CONTINGENT LIABILITIES

	30.6.2017 RMB'000 (unaudited)	31.12.2016 RMB'000 (audited)
Mortgage guarantees	**3,608,304**	3,376,367

The Group provided guarantees in respect of mortgage bank loans granted to purchasers of the Group's properties. In the opinion of the directors of the Company, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and the directors of the Company consider that the possibility of default by the purchasers of the Group's properties is remote, accordingly, no value has been recognised at the inception of the guarantee contracts and as at 30 June 2017 and 31 December 2016.

Guarantees are given to banks with respect of loans procured by the purchasers of the Group's properties. Such guarantees will be released by banks upon the purchaser obtaining the relevant building ownership certificate and completion of the relevant mortgage registration.

25. RELATED PARTY TRANSACTIONS AND BALANCES

The Group entered into the following significant transactions with its related parties during the period:

(a) Procurement of intelligent system equipment

	Six months ended 30 June	
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Zhejiang Xigu Digital Technology Co., Ltd. ("Zhejiang Xigu") 浙江西谷數字技術有限公司	**160**	1,730
Jiaxing City Deyu Electronics Technology Co., Ltd. ("Jiaxing Deyu") 嘉興市德宇電子科技有限公司	**1,002**	–

Zhejiang Xigu and Jiaxing Deyu are controlled by close family members of Mr. Shum Tin Ching (the "Ultimate Shareholder").

(b) Architectural design fee

	Six months ended 30 June	
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Jiaxing City Boyuan Architecture Design Co., Ltd. ("Jiaxing Boyuan") 嘉興市博源建築設計有限公司	**10,942**	8,525

Jiaxing Boyuan is an entity controlled by the Ultimate Shareholder.

25. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Property management fee

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Zhejiang Jia Yuan Property Management Co., Ltd. ("Jia Yuan Property")	**6,034**	3,900

Jia Yuan Property is an entity controlled by the Ultimate Shareholder and was an associate of the Group prior to the Group's disposal of its equity interest.

(d) Financial guarantees provided by a director of the Company, a related party whom is the spouse of the director of the Company and a related company which are under common control of the Ultimate Shareholder for bank and other borrowings of the Group:

	30.6.2017	31.12.2016
	RMB'000	RMB'000
	(unaudited)	(audited)
Bank and other borrowings guaranteed by a director of the Company and related parties	**2,094,373**	654,271

25. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(e) Related party balances

At the end of each reporting period, the Group has the following significant balances with related parties:

	30.6.2017 RMB'000 (unaudited)	31.12.2016 RMB'000 (audited)
Amounts due from related parties		
Trade nature		
Jiaxing Boyuan	–	3,578
Jiaxing Deyu	625	356
	625	3,934
Amount due to a related party		
Trade nature		
Zhejiang Xigu	668	140

Related party balances represent temporary prepayments and accrual made to the related parties for the procurement of intelligent system equipment and architectural design services.

The above balances are unsecured, non-interest bearing and repayable on demand.

(f) Compensation of key management personnel

The remuneration of directors and other members of key management during the period is as follows:

	Six months ended 30 June	
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Short term benefits	5,083	2,498
Post-employment benefits	82	112
	5,165	2,610

The remuneration of directors and other key executives is determined having regard to the performance of individuals and market trends.