



Ronshine China Holdings Limited  
融信中國控股有限公司

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

Stock Code : 3301



**2017** Interim Report



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

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

### Independent Non-Executive Directors

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

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

## AUDITOR

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

## LEGAL ADVISERS

*As to Hong Kong law:*  
Sidley Austin

*As to Cayman Islands law:*  
Conyers Dill & Pearman

*As to PRC law:*  
FenXun Partners

## COMPLIANCE ADVISER

Guotai Junan Capital Limited

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG SHARE REGISTRAR

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

## REGISTERED OFFICE

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

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

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## JOINT COMPANY SECRETARIES

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

## AUTHORISED REPRESENTATIVES

Mr. Ou Zonghong  
Ms. Ng Wing Shan

## PRINCIPAL BANKERS

Bank of China Limited  
(*Pingtian Sub-branch*)

Agricultural Bank of China Limited  
(*Hudong Sub-branch*)

Industrial and Commercial Bank of China Limited  
(*Gangshan Sub-branch*)

## WEBSITE

[www.rongxingroup.com](http://www.rongxingroup.com)

## STOCK CODE

### STOCK

HKEx: 3301

### BOND

US\$400,000,000 6.95% Senior Notes due 2019

Common Code: 152895577

ISIN: XS1528955773

# Financial Highlights

The board (the “**Board**”) of directors (the “**Directors**”) of Ronshine China Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2017.

	For the six months ended 30 June		Change in percentage
	2017	2016	
Revenue (RMB'000)	11,900,869	6,983,410	70.42%
Cost of sales (RMB'000)	(9,691,237)	(5,698,424)	70.07%
Gross profit (RMB'000)	2,209,632	1,284,986	71.96%
Other income and other gains (RMB'000)	18,447	4,750	288.36%
Profit before income tax (RMB'000)	2,039,956	1,502,379	35.78%
Profit for the period (RMB'000)	1,118,006	1,016,794	9.95%
– attributable to owners of the Company (RMB'000)	687,851	858,164	(19.85%)
– attributable to non-controlling interests (RMB'000)	305,403	133,661	128.49%
– attributable to holders of Perpetual Capital Instruments (RMB'000)	124,752	24,969	399.63%
	As at 30 June 2017	As at 31 December 2016	Change in percentage
Total assets (RMB'000)	118,618,386	98,906,916	19.93%
Total liabilities (RMB'000)	93,992,394	75,817,594	23.97%
Total equity (RMB'000)	24,625,992	23,089,322	6.66%
Capital and reserves attributable to owners of the Company (RMB'000)	8,185,303	7,470,518	9.57%

# Business Review and Outlook

## SUMMARY OF PRINCIPAL PROPERTIES

The table below sets forth the details of the property development projects of the Group as at 30 June 2017.

### PROJECTS DEVELOPED BY THE GROUP

As at 30 June 2017, the subsidiaries, joint ventures and associated companies of the Group engaged in a total of 76 property development projects.

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
1 First City Rongxin Super Star City Phase I (融信•第一城一期)	Fuzhou	49,787.00	100%	Basement (including car parks)	92,665.70	151.80	Oct-06
2 First City Rongxin Super Star City Phase III (融信•第一城三期)	Fuzhou	41,802.00	100%	Basement (including car parks)	92,558.00	161.79	Apr-09
3 Rongxin Spanish (融信•西班牙)	Fuzhou	59,401.00	100%	Basement (including car parks)	109,760.90	—	Sep-09
4 Broad View (融信•寬域)	Fuzhou	62,495.00	100%	Basement (including car parks)	163,238.10	164.71	May-10
5 David City (融信•大衛城)	Fuzhou	191,254.70	100%	Residential	333,080.53	—	May-13
				Commercial	8,930.21	3,326.91	
				Ancillary	23,796.02	—	
				Basement (including car parks)	64,548.26	8,055.32	
6 Lan County (融信•瀾郡)	Fuzhou	69,618.40	100%	Residential (Resettlement housing <sup>(Note 1)</sup> )	193,020.52	—	Aug-14
				Ancillary	6,287.15	—	
				Basement (including car parks)	70,551.34	23,768.73	
7 The White House (融信•白宮)	Fuzhou	134,789.00	80%	Residential	261,378.32	1,337.18	Aug-17
				Commercial	2,941.52	1,661.82	
				Hotel	39,035.15	—	
				Ancillary	14,450.42	—	
				Basement (including car parks)	89,618.40	8,963.49	
8 David City (融信•平潭大衛城)	Fuzhou	111,320.48	51%	Residential	298,671.65	—	Nov-16
				Commercial	34,947.11	24,731.61	
				Ancillary	9,327.37	—	
				Basement (including car parks)	85,764.37	44,306.49	

## Business Review and Outlook

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
9 The Coast (融信•後海)	Fuzhou	49,959.00	100%	Residential	121,104.63	—	Sep-16
				(Resettlement housing <sup>(Note 1)</sup> )			
				Commercial	3,000.00	—	
				Ancillary	3,675.15	—	
				Basement	38,199.70	18,330.00	
				(including car parks)			
10 The Twin Harbour City (融信•雙杭城)	Fuzhou	259,519.00	100%	Residential	725,791.00	640,953.26	Aug-18
				(Resettlement housing <sup>(Note 1)</sup> )			
				Commercial	117,987.37	114,780.88	
				Office	107,623.10	3,456.51	
				Ancillary	9,242.10	—	
				Basement	150,643.36	122,973.79	
				(including car parks)			
11 The Long Island (融信•長島)	Fuzhou	185,196.00	100%	Residential	291,532.00	176,390.83	Jan-18
				(Resettlement housing <sup>(Note 1)</sup> )			
				Commercial	24,356.00	6,768.00	
				(Resettlement housing <sup>(Note 1)</sup> )			
				Office	17,317.10	3,866.00	
				Ancillary	20,305.86	—	
				Basement	94,689.59	78,592.36	
				(including car parks)			
12 The Bund (平潭外灘)	Fuzhou	35,264.29	51%	Residential	116,231.20	322.00	Nov-19
				Office	2,191.28	1,751.00	
				Commercial	7,331.00	2,019.00	
				Basement	29,579.85	4,977.24	
				(including car parks)			
13 "Hot Spring City" (福州溫泉城項目)	Fuzhou	1,018,836.00	50%	Residential	775,748.30	561,366.14	Dec-20
				Office	190,801.39	62,695.41	
				Hotel	49,413.78	—	
				Commercial	58,600.00	58,203.00	
				Ancillary	9,986.82	—	
				Basement	265,561.21	235,535.48	
				(including car parks)			
14 Beyond City (世歐彼岸城)	Fuzhou	152,995.00	50%	Residential	271,376.48	—	May-11
				Commercial	7,822.00	707.41	
				Basement	23,417.43	789.21	
				(including car parks)			
15 Riverside City (世歐上江城)	Fuzhou	82,374.70	50%	Residential	201,115.78	142.65	Apr-13
				Commercial	5,118.17	178.01	
				Basement	30,748.80	3,533.95	
				(including car parks)			

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
16 Lan Hill (世歐瀾山)	Fuzhou	48,313.00	50%	Residential	120,129.88	—	Feb-15
				Commercial	4,091.18	2,141.98	
				Ancillary	3,716.62	—	
				Basement	40,820.80	5,526.00	
				(including car parks)			
17 Show Kingdom (世歐王莊)	Fuzhou	250,708.48	50%	Residential (Resettlement housing <sup>Note 1)</sup> )	987,019.88	32,871.88	Dec-15
				Commercial (Resettlement housing <sup>Note 1)</sup> )	143,288.08	12,398.56	
				Office	75,306.40	2,065.00	
				Ancillary	49,935.36	—	
				Basement	354,668.82	70,287.00	
				(including car parks)			
18 Huayun Mansion (華雲山莊)	Fuzhou	161,008.40	26%	Commercial	170,529.00	170,529.00	Dec-19
				Ancillary	4,019.00	4,019.00	
				Basement	83,700.00	83,700.00	
				(including car parks)			
19 Ocean City (融信•海上城)	Xiamen	51,344.19	100%	Commercial	4,335.72	—	Oct-16
				Office	252,579.04	16,494.76	
				Hotel	61,611.90	—	
				Ancillary	1,525.54	—	
				Basement	110,602.91	16,922.95	
				(including car parks)			
20 Xiamen Bowan (廈門同安鉞灣)	Xiamen	39,715.25	100%	Residential	115,266.83	108,221.00	May-20
				Commercial	4,800.00	3,955.00	
				Ancillary	200.00	—	
				Basement	65,291.83	49,428.00	
				(including car parks)			
21 Lan Garden (融信•瀾園)	Zhangzhou	56,765.70	100%	Residential	252,095.00	800.00	Dec-15
				Ancillary	11,324.00	—	
				Basement	58,872.00	4,641.90	
				(including car parks)			
22 Festival City (融信•觀山海)	Zhangzhou	94,190.00	100%	Residential	202,592.43	849.52	Nov-16
				Commercial	6,790.83	3,124.60	
				Ancillary	1,410.36	—	
				Basement	66,595.34	41,923.31	
				(including car parks)			
23 Future City (融信•未來城)	Zhangzhou	41,644.64	100%	Residential (Resettlement housing <sup>Note 1)</sup> )	109,824.00	—	Aug-16
				Commercial	4,957.00	268.84	
				Ancillary	3,777.00	—	
				Basement	36,866.00	23,186.45	
				(including car parks)			



## Business Review and Outlook

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
24 College City (學院名築)	Zhangzhou	71,217.99	100%	Residential	135,149.00	—	Jan-18
				Commercial	3,150.00	1,804.24	
				Ancillary	4,436.00	—	
				Basement (including car parks)	38,298.24	26,272.00	
25 Zhangzhou Harbor B8 Lot (漳州港B8)	Zhangzhou	69,988.00	100%	Residential	104,569.66	4,356.60	Dec-18
				Commercial	1,205.00	646.37	
				Ancillary	6,200.00	—	
				Basement (including car parks)	31,672.64	4,390.18	
26 Imperial Villa (融信•鉑灣)	Shanghai	121,376.80	51%	Residential (Resettlement housing <sup>(Note 1)</sup> )	121,065.68	20,781.38	Dec-16
				Commercial	6,266.36	1,101.00	
				Ancillary	815.20	—	
				Basement (including car parks)	78,055.92	21,762.85	
27 Shanghai Huacao Lot I (閔行區華漕鎮MHPO-1402單元 41-02地塊)	Shanghai	26,360.30	50%	Office	67,238.52	2,183.00	Dec-16
				Ancillary	1,038.91	—	
				Basement (including car parks)	24,307.50	23,426.94	
28 Shanghai Huacao Lot II (Kairi) (閔行區華漕鎮MHPO-1402單元 35-01地塊(愷日))	Shanghai	13,455.90	50%	Office	33,638.74	20,358.74	Dec-19
				Ancillary	613.08	—	
				Basement (including car parks)	13,974.77	13,974.77	
29 Shanghai Huacao Lot III (Kaichong) (閔行區華漕鎮MHPO-1402 單元36-01地塊(愷崇))	Shanghai	10,994.90	25%	Office	27,057.41	16,197.41	Jan-18
				Ancillary	807.03	—	
				Basement (including car parks)	9,708.45	9,708.45	
30 Shanghai Huacao Lot IV (Kaichang) (閔行區華漕鎮MHPO-1402 單元42-01地塊(愷暢))	Shanghai	30,921.50	50%	Commercial	8,940.40	—	Jan-18
				Office	68,308.35	13,336.00	
				Ancillary	1,964.87	—	
				Basement (including car parks)	27,530.38	27,530.38	
31 Platinum (融信•鉑爵)	Shanghai	21,195.60	51%	Residential (Resettlement housing <sup>(Note 1)</sup> )	43,895.47	36,524.00	Nov-18
				Commercial	19,690.53	18,534.00	
				Basement	38,218.00	30,844.30	
				(including car parks)			

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
32 Shanghai Jingan Zhangxin Lot (靜安中興地塊)	Shanghai	31,034.10	50%	Residential (Resettlement housing <sup>(Note 1)</sup> )	98,779.00	79,764.00	Dec-20
				Commercial	10,975.40	—	
				Ancillary	4,832.00	—	
				Basement (including car parks)	35,250.00	35,250.00	
33 Shanghai Qingpu Lot (青浦36-01地塊)	Shanghai	36,279.00	31%	Residential (Resettlement housing <sup>(Note 1)</sup> )	63,488.25	51,266.76	Dec-20
				Commercial	27,209.25	5,441.85	
				Ancillary	4,035.00	—	
				Basement (including car parks)	67,227.40	67,227.40	
34 Xinjiangwan City (新江灣城)	Shanghai	39,805.80	50%	Residential (Resettlement housing <sup>(Note 1)</sup> )	59,708.70	35,825.50	Dec-20
				Ancillary	1,390.00	—	
				Basement (including car parks)	51,101.28	51,101.28	
35 Blue Peacock Phase I (杭州藍孔雀一期)	Hangzhou	28,215.00	51%	Residential	82,539.11	493.47	Sep-16
				Commercial	5,023.89	4,756.36	
				Ancillary	2,725.00	—	
				Basement (including car parks)	34,990.40	9,997.14	
36 Blue Peacock Phase II (杭州藍孔雀二期)	Hangzhou	56,521.00	51%	Residential	133,797.51	722.98	Dec-16
				Commercial	11,826.60	8,423.90	
				Ancillary	2,843.00	—	
				Basement (including car parks)	62,350.20	14,988.98	
37 Hangzhou Mansion (融信•杭州公館)	Hangzhou	45,573.99	100%	Residential (Resettlement housing <sup>(Note 1)</sup> )	129,188.91	22,946.32	Sep-16
				Commercial	258.00	—	
				Ancillary	7,218.93	—	
				Basement (including car parks)	76,421.23	23,221.09	
38 Lan Sky 融信•瀾天	Hangzhou	71,488.00	51%	Residential	158,420.00	99,421.23	Dec-18
				Ancillary	1,285.00	—	
				Basement (including car parks)	84,887.00	65,988.00	
39 Yangxing Capital 融信•永興首府	Hangzhou	44,307.00	26%	Residential	106,960.44	92,030.00	Jun-19
				Ancillary	1,914.36	—	
				Basement (including car parks)	48,250.00	36,894.00	
40 Xiaoshan Residence 融信•蕭山公館	Hangzhou	41,642.00	75%	Residential	88,221.10	87,884.00	Feb-19
				Ancillary	3,221.30	—	
				Basement (including car parks)	40,375.00	31,317.00	

## Business Review and Outlook

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
41 Jingkai Project (經開地塊)	Hangzhou	42,709.00	26%	Residential	105,001.21	98,202.00	Jun-19
				Commercial	914.77	838.00	
				Ancillary	1,319.23	—	
				Basement (including car parks)	58,961.41	36,659.08	
42 Yinhe Primary School Project (銀河小學地塊)	Hangzhou	43,686.00	51%	Residential	128,810.60	109,828.51	Jul-19
				Ancillary	1,947.00	—	
				Basement (including car parks)	59,092.00	50,271.00	
43 Qinglong Project (慶隆地塊)	Hangzhou	27,845.00	51%	Residential	74,515.00	74,515.00	May-19
				Ancillary	1,055.90	—	
				Basement (including car parks)	41,500.00	41,500.00	
44 Seattle (西雅圖)	Hangzhou	62,190.00	50%	Residential	170,962.63	170,828.00	Jun-19
				Commercial	919.00	842.00	
				Ancillary	2,670.49	—	
				Basement (including car parks)	66,118.16	57,664.00	
45 Qianjiang Century City Project (錢江世紀城地塊)	Hangzhou	60,620.00	70%	Residential	166,877.90	166,877.90	Jun-19
				Commercial	450.00	450.00	
				Ancillary	2,858.10	—	
				Basement (including car parks)	74,227.00	74,227.00	
46 Nanjing Jiulonghu Project (南京九龍湖NO. 2016G73地塊)	Nanjing	42,707.52	70%	Residential	180,679.92	180,679.92	Nov-20
				Commercial	74,885.24	74,885.24	
				Ancillary	807.03	—	
				Basement (including car parks)	94,681.00	94,681.00	
47 Kunshan Project (昆山 (2016)2-4地塊)	Suzhou	76,671.70	50%	Residential	193,783.55	178,592.00	Dec-20
				Ancillary	9,152.00	—	
				Basement (including car parks)	77,384.00	75,132.00	
48 West Coast (融信•陽光城西海岸)	Fuzhou	124,827.28	50%	Residential	241,135.84	—	Dec-16
				Commercial	35,594.79	22,874.00	
				Office	59,170.04	—	
				Ancillary	9,717.12	—	
				Basement (including car parks)	152,497.53	53,169.49	

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
49 Imperial Land (一品江山)	Zhangzhou	94,291.42	50%	Residential (Resettlement housing <sup>(Note 1)</sup> )	229,365.84	21,801.07	Apr-17
				Commercial	1,038.53	1,027.52	
				Ancillary	5,627.60	—	
				Basement (including car parks)	80,314.39	49,104.90	
50 French Legend (融信•法蘭西世家)	Shanghai	114,032.32	50%	Residential (Resettlement housing <sup>(Note 1)</sup> )	114,032.32	13,183.50	Dec-16
				Ancillary	34,757.79	—	
				Basement (including car parks)	26,073.32	25,583.00	
51 Shanghai Xujing Project (徐涇鎮會展中心)	Shanghai	184,292.80	50%	Commercial	141,794.13	88,127.04	Aug-18
				Hotel	101,279.00	—	
				Office	333,964.55	124,245.00	
				Ancillary	11,382.00	—	
				Basement (including car parks)	238,546.00	238,546.00	
52 Gentle Mansion (君悅府)	Hangzhou	57,394.00	30%	Residential	120,287.10	77,352.10	Dec-18
				Commercial	1,100.00	800.00	
				Ancillary	1,822.00	—	
				Basement (including car parks)	44,646.00	29,740.34	
53 Hangzhou Wocheng Project (杭州臥城地塊)	Hangzhou	59,494.00	34%	Residential	139,287.72	107,802.57	Jun-19
				Commercial	1,458.28	1,458.28	
				Ancillary	1,579.00	—	
				Basement (including car parks)	64,921.76	59,312.89	
54 Nanjing Xianlin Project (南京仙林2016G58地塊)	Nanjing	106,002.49	39%	Residential	235,886.73	231,169.00	Jun-18
				Commercial	1,000.00	500.00	
				Ancillary	1,536.00	—	
				Basement (including car parks)	96,656.00	91,962.00	
55 Zhangzhou Wanke City	Zhangzhou	235,606.37	20%	Residential (Resettlement housing)	735,881.70	145,954.00	Dec-17
				Commercial (Resettlement housing)	32,680.55	12,290.00	
				Ancillary	7,847.16	—	
				Basement (including car parks)	263,812.02	187,163.92	

## Business Review and Outlook

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
56 Hangzhou Yuhang Lot (余杭2016(48)號地塊)	Hangzhou	24,560.00	51%	Residential	39,000.00	31,312.00	Mar-19
				Ancillary	440.00	-	
				Basement (including car parks)	22,200.00	22,200.00	
57 Zijin Mountain Sports Park Lot (紫金山體育公園地塊)	Longyan	53,131.00	51%	Residential	128,000.00	128,000.00	Nov-19
				Commercial	3,000.00	2,854.00	
				Ancillary	1,900.00	-	
				Basement (including car parks)	31,100.00	31,100.00	
58 Zhangzhou 2017P01 Lot (漳州2017P01地塊)	Zhangzhou	52,438.88	100%	Residential	127,300.00	138,823.00	Mar-20
				Commercial	14,700.00	3,177.00	
				Ancillary	4,800.00	-	
				Basement (including car parks)	46,300.00	46,300.00	
59 Nanjing Jiangning Lot (江寧2017G02地塊)	Nanjing	82,627.65	50%	Residential	132,000.00	132,000.00	Mar-20
				Office	10,500.00	9,250.00	
				Commercial	43,900.00	43,900.00	
				Ancillary	1,770.00	-	
				Basement (including car parks)	49,900.00	49,900.00	
60 Chengdu Jinniu Lot (金牛三號宗地)	Chengdu	11,100.00	100%	Residential	44,200.00	42,762.00	Aug-19
				Ancillary	100.00	-	
				Basement (including car parks)	17,100.00	17,100.00	
61 Tianjin Jinghai Lot(靜海2013-92號地塊)	Tianjin	106,000.00	100%	Residential	123,500.00	103,736.00	Jul-20
				Ancillary	3,800.00	-	
				Basement (including car parks)	51,900.00	51,900.00	
62 Tianjin Jinnan Lot(津南2016-06號地塊)	Tianjin	68,970.00	100%	Residential	72,800.00	52,198.00	Jul-20
				Ancillary	4,300.00	-	
				Basement (including car parks)	53,000.00	53,000.00	
63 Fuzhou Guihu 2017-07 Lot (桂湖壟頭2017-07地塊)	Fuzhou	58,563.00	50%	Residential (Resettlement housing <sup>(Note 1)</sup> )	128,000.00	74,824.00	Nov-20
				Ancillary	900.00	-	
				Basement (including car parks)	44,900.00	44,900.00	

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
64 Fuzhou Guihu 2017-08 Lot (桂湖壘頭2017-08地塊)	Fuzhou	22,885.00	50%	Residential (Resettlement housing <sup>(Note 1)</sup> )	27,000.00	14,859.00	Nov-20
				Ancillary	400.00	-	
				Basement (including car parks)	9,700.00	9,700.00	
65 Fuzhou Guihu 2017-09 Lot (桂湖壘頭2017-09地塊)	Fuzhou	24,227.00	50%	Residential (Resettlement housing <sup>(Note 1)</sup> )	50,300.00	16,671.00	Nov-20
				Ancillary	500.00	-	
				Basement (including car parks)	17,600.00	17,600.00	
66 Putian Xibai Lot(溪白村2017-04地塊)	Putian	37,289.36	100%	Residential	125,800.00	91,535.00	May-20
				Ancillary	1,800.00	-	
				Basement (including car parks)	27,500.00	27,500.00	
67 Guangzhou Zengcheng Lot (廣州增城地塊)	Guangzhou	28,001.00	50%	Residential (Resettlement housing <sup>(Note 1)</sup> )	104,600.00	67,500.00	May-20
				Commercial	3,200.00	3,200.00	
				Ancillary	4,100.00	-	
				Basement (including car parks)	39,100.00	39,100.00	
68 Xiamen Tongan Lot(同安2017P01地塊)	Xiamen	11,386.12	100%	Residential	23,600.00	21,375.00	Apr-20
				Commercial	1,000.00	1,000.00	
				Ancillary	400.00	-	
				Basement (including car parks)	12,400.00	12,400.00	
69 Chongqing Banan Lot(重慶巴南地塊)	Chongqing	117,541.00	50%	Residential	225,600.00	225,600.00	Feb-19
				Commercial	7,700.00	4,527.39	
				Ancillary	1,800.00	-	
				Basement (including car parks)	95,200.00	95,200.00	
70 Jinhua 2017-07 Lot(金華2017-07地塊一)	Jinhua	64,604.83	50%	Residential	123,200.00	123,200.00	Nov-19
				Commercial	1,100.00	1,100.00	
				Ancillary	4,900.00	-	
				Basement (including car parks)	44,000.00	44,000.00	
71 Hangzhou Jingjiang Lot(靖江花神廟地塊)	Hangzhou	48,543.00	100%	Residential	89,300.00	89,300.00	Jun-20
				Commercial	5,000.00	5,000.00	
				Ancillary	2,700.00	-	
				Basement (including car parks)	29,900.00	29,900.00	

## Business Review and Outlook

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
72 Shaoxing Shengzhou Lot(紹興嵊州地塊)	Shaoxing	248,819.00	51%	Residential	536,355.50	532,718.00	May-20
				Commercial	15,931.00	17,590.00	
				Ancillary	12,878.00	-	
				Basement (including car parks)	149,200.00	149,200.00	
73 Hangzhou Xiaoshan Lot (蕭山2017-1號地塊)	Hangzhou	47,326.00	51%	Residential	115,800.00	115,797.00	Jul-20
				Ancillary	2,500.00	-	
				Basement (including car parks)	53,200.00	53,200.00	
74 Quzhou 2017(4) Lot(衢州(2017)4號地塊)	Quzhou	85,300.00	22.95%	Residential	159,600.00	159,600.00	Sep-18
				Commercial	1,100.00	1,100.00	
				Ancillary	1,500.00	-	
				Basement (including car parks)	47,400.00	47,400.00	
75 Ningbo Fenghua Lot(寧波奉化地塊)	Ningbo	45,993.00	25.50%	Residential	90,400.00	90,130.00	Feb-20
				Ancillary	1,556.00	-	
				Basement (including car parks)	48,049.00	48,049.00	
76 Zhengzhou Zhongmou Lot (鄭州中牟縣地塊)	Zhengzhou	64,876.00	100%	Office	200,500.00	200,500.00	Sep-19
				Commercial	3,200.00	3,200.00	
				Ancillary	1,400.00	-	
				Basement (including car parks)	47,500.00	47,500.00	
<b>Total:</b>		<b>6,745,238.85</b>			<b>20,588,560.20</b>	<b>10,568,917.80</b>	
<b>Attributable total :</b>		<b>4,201,870.10</b>			<b>12,871,264.90</b>	<b>6,314,057.89</b>	

Note:

- (1) The Group cooperated or agreed to cooperate with local governments in constructing resettlement housing units adjacent to certain projects of the Group. The construction of such resettlement housing was typically included by the relevant local governments as part of the package for the acquisition of the related parcels of land for commercial development. Under such arrangement, the Group pays the relevant land premium and receive the land use rights certificates registered to the Group's name with respect to the land parcels underlying the resettlement properties during the construction phase, but are obligated to deliver the properties upon completion back to the local government. For further details of the construction of resettlement housing, please refer to the section headed "Business — Construction of Resettlement Housing" on pages 231 to 236 in the prospectus of the Company dated 31 December 2015 (the "Prospectus").

## OVERVIEW AND OUTLOOK

### Market and business review

In the first half of 2017, despite the advent of the new normal of social and economic structural transformation in the People's Republic of China (the “**PRC**”), the government's attitude towards and guidance on the real estate market remain unchanged by following the strategies of “cutting excess inventory” and “formulating policies according to cities” so as to improve the real estate market environment from both the supply and demand sides. The Company had prepared sufficient supply to realise rapid growth of sales and acquired abundant premium land reserves in cities with the Company's presence and those cities the Company had newly expanded in order to rapidly accomplish the 1+N advantageous layout (1 represents the core city and N represents satellite cities within the coverage of high-speed rail or expressway network in the core city), establishing a solid foundation for the sustainable and healthy development of the Company in the future.

The Group grasped the market opportunities and adopted a flexible marketing strategy to launch houses at a reasonable price in due course, giving rise to notable results with ideal performance in terms of sales and receivables collection. For the six months ended 30 June 2017 (the “**Period**”), the Group (excluding joint ventures and associated companies) achieved contracted sales of RMB15.514 billion, representing a growth of approximately 17.35% as compared with the corresponding period of last year. The contracted sales area was approximately 600,041 square meters. The contracted unit price amounted to RMB25,855.40 RMB/sq.m., representing an increase of approximately 64.29% as compared with the corresponding period of last year.

During the Period, the Group recorded operating revenue of RMB11.901 billion, representing an increase of approximately 70.42% as compared with the corresponding period of last year; gross profit amounted to RMB2.210 billion, representing an increase of approximately 71.96% as compared with the corresponding period of last year; and net profit of RMB1.118 billion, representing an increase of approximately 10% as compared with the corresponding period of last year. The weighted average effective interest rate of the Group was 6.73% at the end of the Period, representing a decrease by 0.08% as compared with the beginning of the year.

In the first half of 2017, the overall trading volume and price of the PRC real estate market continued to increase. However, the market conditions varied greatly in different regions. According to the National Bureau of Statistics of the PRC, in the first half of 2017, the trading volume of commodity housing was 747 million square meters, representing an increase of approximately 16.10% as compared with the corresponding period of last year; and the sales of commodity housing amounted to RMB5.92 trillion, representing an increase of approximately 21.50% as compared with the corresponding period of last year.

During the Period, regulation measures including stricter qualification for purchase of housing, adoption of more stringent policy on housing loan, restriction on sales and price, reduction of bank credit limit and enhancement of mortgage rate were intensively adopted in over 40 cities in the PRC.



## Business Review and Outlook

The PRC government's regulatory measures and intensity were different in different cities with stronger regulatory and more apparent effects in most tier-1 cities and popular tier-2 cities. In the first half of 2017, driven by an increasing demand, there was "an increase in both trading volume and price" in certain tier-3 and tier-4 cities. The regulatory measures had intensified differentiation and resulted in an increasingly higher concentration in the real estate industry.

During the Period, the Group further consolidated management and adopted a number of measures including launching houses based on demands and dynamic regulation to rapidly promote its project development under the premise of guaranteeing reasonable profit. For the regions and projects with rapid destocking, the Company properly quickened the engineering progress to provide more properties in order to meet market demand, while for those projects with slower destocking, the Company properly controlled the developing progress to ensure effective and rational allocation of the Group's funds.

The Group insisted on continuous expansion of marketing channels, proactive tapping of customer resources and enhancement of performance. Flexible pricing strategy was insistently adopted to vitalise stocks and optimise allocation of resources as well. Further, the Group adhered to its orientation to market demand and valued enhancement of product quality, accurately control project positioning and constantly optimised community plan and house type design. In addition, products and services were further improved to gain competitive edge for the Group. By holding on to accommodate with the long-term industrial regulation mechanism, the Group comprehensively improved professional competence and strengthened "soft power" in terms of product premium, service premium and brand premium.

In the first half of 2017, only 4 new properties were launched by the Group. Despite only a small number of houses was launched, the Group managed to achieve a contracted sales of RMB15.514 billion by leveraging on its competitive products and powerful marketing, accomplishing the objective set by the Company and representing an increase of approximately 17.35% as compared with the corresponding period of last year.

In the first half of 2017, the Company made continued judgment on macro-economy and monetary policy and went deep into the study and understanding of supply and demand relation of different cities. Relying on its reputation, brand and project operating capacity, the Company maintained sufficient cash flow and financial soundness and established its presence in cities including Tianjin, Guangzhou, Chengdu, Longyan and Quzhou at the right time to rapidly complete the 1+N advantageous layout. In the first half of 2017, it acquired 21 land parcels through operating companies and joint ventures, resulting in an increase in land reserves of approximately 3.81 million square meters. As at 30 June 2017, the layout of the Company covered 18 cities with the aggregate land reserves of approximately 13.01 million square meters. In July 2017, the Group entered into a formal strategic cooperation agreement with Hailiang Real Estate Holdings Group Co., Ltd\* to acquire a 55% equity interest in Ningbo Hailiang Property Investment Company Limited\* and Anhui Hailiang Property Company Limited\* at a consideration of RMB2.897 billion, in relation to 35 projects in 17 cities surrounding the provincial cities in western and central part of the PRC with land reserves over 5 million

square meters and an average land cost lower than RMB1,000 per square meters. Sufficient land reserves and balanced urban layout laid a solid foundation for the steady and better development of the Company in the future.

The Group has been committed to maintain a healthy financial position and lay emphasis on deleveraging to keep a reasonable liability level and enhance enterprise's risk resistance capacity and focus on cash return. The Group will increase efforts for recycling of funds and continuously improve the cash flow condition. Various financing means and financial products will be applied flexibly to enrich financing mode and reduce cost of capital. In terms of business development, the Group will increase efforts and speed in project development, place the focus on tier-1 cities and the regions with a large market capacity and strong executive force of development team, and pay close attention to the investment opportunities in the merger and acquisition market. It will proactively participate in domestic city renovation, development of level 1 land, acquisition cooperation and other projects. In respect of cost control, the Group will emphasize on quota design and control of residential projects, refined decoration standards and project management and control. For purchase by invitation to bid, the measures for management of centralised purchase will be adopted and the supplier management system will be strictly followed. The standardized operation mode featured by unified plan, invitation to bid, purchase and distribution can ensure evenness and consistency in terms of cost control and product quality. The centralized supply and standardized operation of materials significantly increase products' added value and reduce costs. The Group will persist in comprehensive enhancement of overall management and executive force and further streamline the decision making process, reduce administrative expenses and enhance efficiency in order to establish a solid base for the long term and steady development.

### **Prospects**

Looking forward to the second half of 2017, it is expected that the overall economic development in the PRC will maintain steady. The Group, aiming at "giving priority to stabilisation and making progress amidst stabilisation", will continue to promote the smooth development of its projects relying on product quality. In the second half of 2017, it is expected to have 9 new properties to be launched into the market, which we believe will contribute significantly to the Company's results for the second half of 2017. In the meantime, we will continue to be customer-based in further optimisation of product and service quality to enhance our overall brand image.

As possessing high-quality land reserves are the foundation for property development business, the Group will adopt a proactive and prudent land acquisition strategy to prioritize opportunities in the cities where the existing projects with competitive edge are located and the tier-1 and tier-2 cities with great growth potentials. On the basis of precise preliminary analysis and planning, the Group will strategically seize opportunities to increase premium land in appropriate time to persistently improve the city layout and optimise the product mix, and further explore land and market opportunities.

## Business Review and Outlook

While steadily expanding the scale, the Group will devote its efforts to maintain a steady cash flow and reasonable profit margin. Through accelerating collection of sales receivables and enhancing the financing capacity, it will further improve the capital structure, optimise the debt structure and reduce financing costs and investment will be made in an orderly manner to save operating expenses thus, achieving sustainable development. At the same time, we will continue to control cost in an effective way through standardization of products, and ensure effective management of available- for-sale resources by virtue of strict construction management.

The Group is deeply convinced that the aforementioned measures and all staff's efforts will contribute to the steady development of the Group's overall business and further enhance Ronshine's brand awareness and reputation, and enable it to gain a stable position in the market with fierce competition. Meanwhile, the Group undertakes that it will continue to vigorously engage in public charity and shoulder its responsibility as an enterprise citizen to better repay the society.

# Management Discussion and Analysis

## SUMMARY OF OPERATING RESULTS

	For the six months ended 30 June		Change in percentage
	2017	2016	
<b>Contracted sales</b>			
Contracted sales amount (RMB'000)	15,514,294	13,220,040	17.35%
Contracted gross floor area (sq.m.)	600,041	840,073	(28.57%)
Average unit price of contracted sales (RMB/sq.m.)	25,855	15,737	64.29%
<b>Property delivered</b>			
Revenue from sales of properties (RMB'000)	11,688,343	6,865,200	70.25%
Delivered gross floor area (sq.m.)	675,478	474,870	42.24%
Recognised average selling price of properties delivered (RMB/sq.m.)	17,304	14,457	19.69%
<b>Revenue (RMB'000)</b>	11,900,869	6,983,410	70.42%
<b>Cost of Sales (RMB'000)</b>	(9,691,237)	(5,698,424)	70.07%
<b>Gross profit (RMB'000)</b>	2,209,632	1,284,986	71.96%
<b>Other income and other gains (RMB'000)</b>	18,447	4,750	288.36%
<b>Profit before income tax (RMB'000)</b>	2,039,956	1,502,379	35.78%
<b>Profit for the period (RMB'000)</b>	1,118,006	1,016,794	9.95%
— attributable to owners of the Company (RMB'000)	687,851	858,164	(19.85%)
— attributable to non-controlling interests (RMB'000)	305,403	133,661	128.49%
— attributable to holders of Perpetual Capital Instruments (RMB'000)	124,752	24,969	399.63%
Gross profit margin <sup>(Note 1)</sup>	18.6%	18.4%	1.09%
Net profit margin <sup>(Note 2)</sup>	9.4%	14.6%	(35.62%)

	As at	As at	Change in percentage
	30 June 2017	31 December 2016	
Total assets (RMB'000)	118,618,386	98,906,916	19.93%
Total liabilities (RMB'000)	93,992,394	75,817,594	23.97%
Total equity (RMB'000)	24,625,992	23,089,322	6.66%
Capital and reserve attributable to owners of the Company (RMB'000)	8,185,303	7,470,518	9.57%
Current ratio <sup>(Note 3)</sup>	1.95	2.10	(7.14%)
Gearing ratio <sup>(Note 4)</sup>	1.92	0.98	95.92%

## Management Discussion and Analysis

Notes:

- (1) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.
- (2) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.
- (3) The calculation of current ratio is based on current assets divided by current liabilities.
- (4) The calculation of gearing ratio is based on total borrowings less restricted cash, cash and cash equivalents and term deposits and divided by total equity.

## PROPERTY DEVELOPMENT

### Contracted Sales

For the six months ended 30 June 2017, the Group achieved contracted sales of RMB15,514 million, representing a growth of approximately 17.35% compared with RMB13,220 million for the six months ended 30 June 2016. This increase was mainly attributable to the increase in the average unit price of the Group's contracted sales by approximately 64.29% from RMB15,737 for the six months ended 30 June 2016 to RMB25,855 for the six months ended 30 June 2017.

The amount of the Group's contracted sales in Shanghai, Hangzhou, Fuzhou, Xiamen and Zhangzhou accounted for (i) approximately 18.05%, 33.74%, 37.90%, 4.71% and 5.60% of the Group's total contracted sales amount for the six months ended 30 June 2017, respectively, and (ii) approximately 12.26%, 26.38%, 47.82%, 4.28% and 9.26% of the Group's total GFA of contracted sales for the six months ended 30 June 2017, respectively. The following table sets forth details of the contracted sales of the Group for the six month ended 30 June 2017:

	<b>Amount</b>	<b>Percentage</b>	<b>GFA</b>	<b>Percentage</b>	<b>Average</b>
	<b>(RMB million)</b>	<b>(%)</b>	<b>(sq.m.)</b>	<b>(%)</b>	<b>selling price</b>
					<b>(RMB/sq.m.)</b>
Shanghai	2,800.02	18.05	73,589	12.26	38,049
Hangzhou	5,234.52	33.74	158,312	26.38	33,065
Fuzhou	5,879.47	37.90	286,856	47.82	20,496
Xiamen	731.90	4.71	25,711	4.28	28,466
Zhangzhou	868.38	5.60	55,573	9.26	15,626
<b>Total</b>	<b>15,514.29</b>	<b>100.0</b>	<b>600,041</b>	<b>100.0</b>	<b>25,855</b>

### Projects completed

For the six months ended 30 June 2017, the Group completed a total of 8 projects or phases of projects, with total GFA of 1,165,126.34 sq.m. (781,892.24 sq.m., after taken into account the interests of owners of the Company in the relevant projects).

### Projects under construction

As at 30 June 2017, the Group had a total of 29 projects or phases of projects under construction, with total planned GFA of 7,061,935.83 sq.m. (3,912,512.42 sq.m., after taken into account the interests of owners of the Company in the relevant projects).

### Land reserve

During the six months ended 30 June 2017, there were a total of 21 newly acquired land parcels with a total GFA of 3,807,499 sq.m. (2,274,403 sq.m., after taken into account the interests of owners of the Company in the relevant projects). The average cost of land parcels acquired was approximately RMB8,390 per sq.m. (calculated at the plot ratio-based GFA).

The following table sets forth details of the Group's newly acquired land parcels during the six months ended 30 June 2017:

City	Project name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Hangzhou	Hangzhou Yuhang Lot (余杭2016(48)號地塊)	19 January 2017	24,560.00	61,640.00	31,436.40	657.06	335.10	16,720.79
Longyan	Zijin Mountain Sports Park Lot (紫金山體育公園地塊)	23 February 2017	53,131.00	164,000.00	83,640.00	418.00	213.18	3,146.94
Zhangzhou	Zhangzhou 2017P01 Lot (漳州2017P01地塊)	10 March 2017	52,438.88	193,100.00	193,100.00	1,600.00	1,600.00	10,897.04
Nanjing	Nanjing Jiangning Lot (江寧2017G02地塊)	31 March 2017	82,627.65	238,070.00	119,035.00	1,910.00	955.00	12,842.08
Chengdu	Chengdu Jinniu Lot (金牛三號宗地)	6 April 2017	11,100.00	61,400.00	61,400.00	751.02	751.02	16,914.86
Tianjin	Tianjin Jinghai Lot (靜海2013—92號地塊)	19 April 2017	106,000.00	179,200.00	179,200.00	1,048.65	1,048.65	8,237.63
Tianjin	Tianjin Jinnan Lot (津南2016—06號地塊)	19 April 2017	68,970.00	130,100.00	130,100.00	1,072.50	1,072.50	12,959.16
Fuzhou	Fuzhou Guihu 2017-07 Lot (桂湖2017—07地塊)	27 April 2017	58,563.00	173,800.00	86,900.00	770.00	385.00	5,978.26
Fuzhou	Fuzhou Guihu 2017-08 Lot (桂湖2017—08地塊)	27 April 2017	22,885.00	37,100.00	18,550.00	185.00	92.50	6,727.27
Fuzhou	Fuzhou Guihu 2017-09 Lot (桂湖2017—09地塊)	27 April 2017	24,227.00	68,400.00	34,200.00	319.00	159.50	6,267.19

## Management Discussion and Analysis

City	Project name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Putian	Putian Xibai Lot (溪白村2017—04地塊)	28 April 2017	37,289.36	155,100.00	155,100.00	935.00	935.00	10,032.19
Guangzhou	Guangzhou Zengcheng Lot (廣州增城地塊)	4 May 2017	28,001.00	151,000.00	75,500.00	1,176.00	588.00	14,999.46
Xiamen	Xiamen Tongan Lot (同安2017P01地塊)	18 May 2017	11,386.12	37,400.00	37,400.00	788.00	788.00	31,520.00
Chongqing	Chongqing Banan Lot (重慶巴南地塊)	18 May 2017	117,541.00	330,300.00	165,150.00	1,455.00	727.50	6,189.33
Jinhua	Jinhua 2017-07 Lot (金華2017—07地塊一)	19 May 2017	64,604.83	173,200.00	86,600.00	1,621.58	810.79	12,550.00
Hangzhou	Hangzhou Jingjiang Lot (靖江花神廟地塊)	27 May 2017	48,543.00	126,900.00	126,900.00	495.21	495.21	5,100.74
Shaoxing	Shaoxing Shengzhou Lot (紹興嵊州地塊)	31 May 2017	248,819.00	753,083.50	384,072.59	1,549.00	790.00	2,576.72
Hangzhou	Hangzhou Xiaoshan Lot (蕭山2017—1號地塊)	24 Mar 2017	47,326.00	171,500.00	87,465.00	3,646.00	1,859.46	30,816.04
Quzhou	Quzhou 2017(4) Lot (衢州(2017)4號地塊)	18 April 2017	85,300.00	209,600.00	48,103.20	1,695.00	389.00	10,456.51
Ningbo	Ningbo Fenghua Lot (寧波奉化地塊)	26 April 2017	45,993.00	140,005.00	35,701.28	806.95	205.77	8,772.53
Zhengzhou	Zhengzhou Zhongmou Lot (鄭州中牟地塊)	31 May 2017	64,876.00	252,600.00	252,600.00	309.20	309.2	1,506.82
<b>Total</b>			<b>1,304,181.84</b>	<b>3,807,498.50</b>	<b>2,274,403.46</b>	<b>23,208.17</b>	<b>14,510.38</b>	<b>8,390.29</b>

As at 30 June 2017, the total GFA of the Group's land reserve was approximately 13.01 million sq.m., among which, approximately 7.06 million sq.m. were under construction, and approximately 5.95 million sq.m. were held for future development.

As at 30 June 2017, the cost per sq.m. of the Group's land reserve was RMB8,463 (calculated at the plot ratio-based GFA), of which, approximately 72.10% located in the prime area in the first-tier and second-tier cities in the PRC. The Directors believe that the relatively high-quality land reserve provides the Group with effective support for its future profitability.



The following table sets forth details of the land reserve attributable to the owners of the Company as at 30 June 2017:

Region	Name of project	Total land value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Shanghai	Shanghai Xujing Project (Kaitai) (徐涇鎮會展中心 3 地塊 (愷泰))	164,605.52	28.83	8,539
	Shanghai Huacao Lot II (Kairi) (閔行區華漕鎮 MHPO-1402 單元 35-01 地塊 (愷日))	10,110.00	1.75	6,018 <sup>(1)</sup>
	Shanghai Huacao Lot III (Kaichong) (閔行區華漕鎮 MHPO-1402 單元 36-01 地塊 (愷崇))	4,192.50	0.67	6,098 <sup>(1)</sup>
	Shanghai Huacao Lot IV (Kaichang) (閔行區華漕鎮 MHPO-1402 單元 42-01 地塊 (愷暢))	23,580.00	4.41	6,101 <sup>(1)</sup>
	Platinum (融信•鉑爵)	49,980.00	5.26	15,409
	Xinjiangwan City (新江灣城)	157,750.00	4.66	52,840
	Shanghai Qingpu Lot (青浦 36-01 地塊)	59,788.04	3.98	21,610
	Shanghai Jingan Zhongxin Lot (靜安中興地塊)	550,500.00	6.34	100,091
	Hangzhou	Gentle Mansion (君悅府)	20,190.00	5.04
Lan Sky (融信•瀾天)		46,512.00	12.47	5,739
Yongxing Capital (融信•永興首府)		36,153.90	4.09	13,076
Xiaoshan Residence (融信•蕭山公館)		127,517.00	9.89	18,559
Seattle (西雅圖)		129,750.00	12.03	14,905
Jingkai Project (經開地塊)		44,434.00	4.32	16,002
Yinhe Primary School Project (銀河小學地塊)		92,412.00	9.68	13,822
Hangzhou Wocheng Project (杭州臥城地塊)		24,820.00	7.03	5,113
Qianjiang Century City Project (錢江世紀城地塊)		228,480.00	16.87	19,230
Qinglong Project (慶隆地塊)		120,411.00	5.97	31,404
Hangzhou Yuhang Lot (余杭 2016(48) 號地塊)		33,510.06	3.14	16,721
Hangzhou Jingjiang Lot (靖江花神廟地塊)		49,521.00	6.87	5,101
Hangzhou Xiaoshan Lot (蕭山 2017-1 號地塊)		185,946.00	8.75	30,816
Shaoxing	Shaoxing Shengzhou Lot (紹興嵊州地塊)	78,999.00	38.40	2,576
Fuzhou	The Twin Harbor City (融信•雙杭城)	562,000.00	111.13	6,065
	The Long Island (融信•長島)	130,000.00	44.82	2,437
	The Bund (平潭外灘)	9,001.50	7.92	1,430
	David City (融信•平潭大衛城)	9,657.90	5.29	2,341
	Hot Spring City (福州溫泉城項目)	75,318.09	58.16	1,610 <sup>(1)</sup>



## Management Discussion and Analysis

Region	Name of project	Total land value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
	Huayun Mansion ( 華雲山莊 )	14,688.14	6.59	3,300
	Fuzhou Guihu 2017-07 Lot( 桂湖壟頭 2017-07 地塊 )	38,500.00	8.69	5,978
	Fuzhou Guihu 2017-08 Lot ( 桂湖壟頭 2017-08 地塊 )	9,250.00	1.86	6,727
	Fuzhou Guihu 2017-09 Lot ( 桂湖壟頭 2017-09 地塊 )	15,950.00	3.42	6,267
Xiamen	Xiamen Bowan ( 廈門同安鉞灣 )	263,400.00	18.56	23,207
	Xiamen Tongan Lot ( 同安 2017P01 地塊 )	78,800.00	3.74	31,520
Chengdu	Chengdu Jinniu Lot ( 金牛三號宗地 )	75,102.00	6.14	16,915
Guangzhou	Guangzhou Zengcheng Lot ( 廣州增城地塊 )	58,800.00	5.70	14,999
Longyan	Zijin Mountain Sports Park Lot ( 紫金山體育公園地塊 )	21,318.00	8.36	3,147
Jinhua	Jinhua 2017-07 Lot ( 金華 2017-07 地塊一 )	81,079.06	8.66	12,550
Ningbo	Ningbo Fenghua Lot ( 寧波奉化地塊 )	20,577.23	3.57	8,773
Quzhou	Quzhou 2017(4) Lot ( 衢州 (2017)4 號地塊 )	38,900.25	4.81	10,457
Putian	Putian Xibai Lot ( 溪白村 2017-04 地塊 )	93,500.00	15.51	10,032
Zhangzhou	Imperial Land ( 一品江山：海融一號作品 )	26,000.00	15.82	2,206
	Future City ( 融信 • 未來城 )	30,000.00	16.04	2,573
	Zhangzhou Wanke City ( 漳州萬科城 )	30,080.00	20.80	1,773
	College City ( 漳州港B6：學院名築 )	57,800.00	18.10	4,059
	Zhangzhou Harbor B8 Lot ( 漳州港 B8：半山雅墅 )	51,800.00	14.36	4,868
	Zhangzhou 2017P01 Lot ( 漳州 2017P01 地塊 )	160,000.00	19.31	10,897
Nanjing	Nanjing Xianlin Project ( 南京仙林 2016G58 地塊 )	226,290.33	13.03	24,957
	Nanjing Jiulonghu Project ( 南京九龍湖 NO.2016G73 地塊 )	53,700.00	35.17	2,515
	Nanjing Jiangning Lot ( 江寧 2017G02 地塊 )	95,500.00	11.90	12,842
Kunshan	Kunshan Project ( 昆山 (2016) 2-4 地塊 )	135,150.00	14.02	13,573
Chongqing	Chongqing Banan Lot ( 重慶巴南地塊 )	72,750.00	16.52	6,189
Zhengzhou	Zhengzhou Zhongmou Lot ( 鄭州中牟縣地塊 )	30,920.00	25.26	1,507
Tianjing	Tianjin Jinghai Lot ( 靜海 2013-92 號地塊 )	104,865.00	15.92	8,238

Region	Name of project	Total land value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
	Tianjin Jinnan Lot ( 津南 2016-06 號地塊 )	107,250.00	10.91	12,959
<b>Total</b>		<b>5,017,109.52</b>	<b>770.54</b>	<b>8,463</b>

Note:

- (1) This represents the original land costs of these projects only, and did not reflect the fair value increase that had been recognised upon acquisitions or consolidations by the Group during the six months ended 30 June 2017.

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2017, the Group derived its revenue from (i) the sales of properties in the PRC; (ii) certain construction contracts with local PRC governments with respect to the construction of resettlement housing; (iii) the rental income generated from the lease of investment properties and (iv) rendering of hotel services. The following table sets forth the details of the Group's revenue recognised from such sources for the period indicated:

	For the six months ended 30 June		Change in percentage
	2017 RMB'000	2016 RMB'000	
<b>Revenue</b>			
Revenue from sales of properties	11,688,343	6,865,200	70.25%
Revenue from construction contracts	141,744	92,701	52.90%
Rental income and income from rendering of hotel services	70,782	25,509	177.48%
<b>Total</b>	<b>11,900,869</b>	<b>6,983,410</b>	<b>70.42%</b>

The revenue of the Group increased by approximately 70.42% from RMB6,983.4 million for the six months ended 30 June 2016 to RMB11,900.9 million for the six months ended 30 June 2017. This increase was mainly attributable to:

- (i) the increase in the total GFA of properties delivered by the Group by approximately 42.24% from 474,870 sq.m. for the six months ended 30 June 2016 to 675,478 sq.m. for the six months ended 30 June 2017;

## Management Discussion and Analysis

- (ii) the increase in the recognised average selling price of properties delivered by the Group by approximately 19.69% from RMB14,457 per sq.m. for the six months ended 30 June 2016 to RMB17,304 per sq.m. for the six months ended 30 June 2017;
- (iii) the increase in revenue from construction contracts by approximately 52.9% from RMB92.7 million for the six months ended 30 June 2016 to RMB141.7 million for the six months ended 30 June 2017; and
- (iv) the increase in rental income and income from rendering of hotel services by approximately 177.48% from RMB25.5 million for the six months ended 30 June 2016 to RMB70.8 million for the six months ended 30 June 2017.

Revenue generated from the sales of properties amounted to RMB11,688 million for the six months ended 30 June 2017. The following table sets forth the details of the revenue generated from the sales of properties of the Group by geographical location for the six months ended 30 June 2017:

<b>For the six months ended 30 June 2017</b>					
	<b>Revenue</b>	<b>Percentage</b>	<b>GFA delivered by the Group</b>	<b>Percentage</b>	<b>Average selling price</b>
	<b>(RMB million)</b>	<b>(%)</b>	<b>(sq.m.)</b>	<b>(%)</b>	<b>(RMB/sq.m.)</b>
Hangzhou	7,020	60.06	304,356	45.07	23,064
Fuzhou	2,062	17.64	170,789	25.28	12,076
Shanghai	1,576	13.48	85,182	12.61	18,499
Zhangzhou	743	6.36	104,522	15.47	7,107
Xiamen	287	2.46	10,629	1.57	27,045
<b>Total</b>	<b>11,688</b>	<b>100.00</b>	<b>675,478</b>	<b>100.00</b>	<b>17,304</b>

### Cost of sales

The Group's cost of sales increased by approximately 70.07% from RMB5,698.4 million for the six months ended 30 June 2016 to RMB9,691.2 million for the six months ended 30 June 2017. This increase was mainly attributable to the increase in the number of properties sold by the Group during the six months ended 30 June 2017.

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

	For the six months ended 30 June		Change in percentage
	2017	2016	
	RMB'000	RMB'000	
<b>Cost of sales</b>			
Cost of properties sold	<b>9,503,613</b>	5,605,841	69.53%
Cost of construction contract	<b>133,673</b>	88,093	51.74%
Cost of rental income and cost of rendering of hotel services	<b>53,951</b>	4,490	1101.58%
<b>Total</b>	<b>9,691,237</b>	<b>5,698,424</b>	<b>70.07%</b>

### Gross profit and gross profit margin

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit increased by approximately 71.96% from RMB1,285.0 million for the six months ended 30 June 2016 to RMB2,209.6 million for the six months ended 30 June 2017.

The Group's gross profit margin increased from 18.40% for the six months ended 30 June 2016 to 18.57% for the six months ended 30 June 2017, primarily because the Group delivered proportionally less properties at comparatively lower profit margin in the first half of 2017 as compared to the properties which the Group delivered in the first half of 2016.

### Other income and other gains

The Group's other income and other gains primarily is deposits forfeited from some of the Group's prospective customers who breached the property purchase agreements. The Group's other income and other gains amounted to RMB18.4 million and RMB4.8 million for the six months ended 30 June 2017 and 2016, respectively.

### Selling and marketing costs

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

## Management Discussion and Analysis

The Group's selling and marketing costs decreased by approximately 16.94% from RMB237.6 million for the six months ended 30 June 2016 to RMB197.3 million for the six months ended 30 June 2017, primarily due to a decrease in number of new pre-sales projects.

### Administrative expenses

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

The Group's administrative expenses increased by approximately 74.22% from RMB183.4 million for the six months ended 30 June 2016 to RMB319.5 million for the six months ended 30 June 2017, mainly attributable to (i) the significant increase in administrative staff cost by approximately 95.70% from RMB60.5 million for the six months ended 30 June 2016 to RMB 118.4 million including equity-settled share-based payment expenses of RMB26.93 million for the six months ended 30 June 2017; and (ii) the increases in other taxes expenses by approximately 138.6% from RMB21.5 million for the six months ended 30 June 2016 to RMB51.3 million for the six months ended 30 June 2017.

### Fair value gains on investment properties

The following table sets forth the fair value gains on investment properties for the six months ended 30 June 2017 mainly attributable to the investment properties of Shiou Group and Shanghai Kaiyu:

	<b>For the six months ended 30 June 2017 (RMB'000)</b>
<b>Fair value gains on investment properties</b>	
Shiou Group	38,000
Shanghai Huacao Lot I (Kaiyu) (上海愷譽)	4,000
	<b>42,000</b>

### Finance income net

Net finance income decreased by approximately 58.4% from RMB41.3 million for the six months ended 30 June 2016 to RMB17.2 million for the six months ended 30 June 2017, primary due to (i) the increase of interest income from bank deposits of RMB11.0 million resulting from a higher level of average bank deposits

throughout the six months ended 30 June 2017 as compared with the corresponding period last year; (ii) the increase of finance costs of RMB12.9 million that is not qualified for being capitalised for the six months ended 30 June 2017; and (iii) the net foreign exchange losses of RMB7.4 million for the six months ended 30 June 2017 as compared with net foreign exchange gains of RMB14.8 million for the corresponding period of last year due to the appreciation of RMB and average net foreign currency financial assets position for the six months ended 30 June 2017 as compared with the depreciation of RMB and average net foreign currency financial assets position for the corresponding period of last year.

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

The Group accounts for its interests in joint ventures and associated companies during the six months ended 30 June 2017 using equity methods. Share of profits of investments accounted for using the equity method, net represents the aggregate profits of such joint ventures and associated companies as weighted by the Group's respective shares of beneficial ownership.

The Group's net share of profits of investments accounted for using the equity method decreased by approximately 11.7% from RMB305.2 million for the six months ended 30 June 2016 to RMB269.5 million for the six months ended 30 June 2017, primarily due to less joint ventures recognised net profits during the six months ended 30 June 2017.

### **Profit before income tax**

As a result of the aforementioned changes of the Group's financials, the Group's profit before income tax increased by approximately 35.8% from RMB1,502.4 million for the six months ended 30 June 2016 to RMB2,040.0 million for the six months ended 30 June 2017.

### **Income tax expenses**

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

The Group's income tax expenses increased by approximately 89.9% from RMB485.6 million for the six months ended 30 June 2016 to RMB922.0 million for the six months ended 30 June 2017. Specifically, EIT (including deferred income tax) increased by approximately 95.9% from RMB241.5 million for the six months ended 30 June 2016 to RMB473.1 million for the six months ended 30 June 2017, and LAT increased by approximately 83.9% from RMB244.1 million for the six months ended 30 June 2016 to RMB448.9 million for the six months ended 30 June 2017.

The effective income tax rate of the Group for the six months ended 30 June 2017 was 35.8%, same as the effective income tax rate for the six months ended 30 June 2016. Effective income tax was calculated based on EIT divided by profit before income tax (excluding the share of net profits of investments accounted for using the equity method, fair value gains on the remeasurement of joint ventures and LAT).

## Management Discussion and Analysis

### **Profit for the period attributable to owners of the Company**

The Group's profit for the period attributable to owners of the Company decreased by approximately 19.85% from RMB858.2 million for the six months ended 30 June 2016 to RMB687.9 million for the six months ended 30 June 2017. Assuming the one-off fair value gains on the remeasurement of joint ventures amounted to RMB278 million for the six months ended 30 June 2016 are excluded, the profit for the period attributable to owners of the Company would increase by approximately 18.58% as compared with the six months ended 30 June 2016.

### **Profit for the period attributable to non-controlling interests**

Profit for the period attributable to non-controlling interests increased by approximately 128.49% from a profit of RMB133.7 million to a profit of RMB305.4 million. This increase was primarily attributable to the recognition of revenue from sales of properties during the six months ended 30 June 2017 in the respective projects, including Pingtan David City, White House, and Shanghai Huacao Lot, which were jointly developed with non-controlling parties.

## **FINANCING ACTIVITIES**

### **Issuance of Senior Notes**

On 8 December 2016, the Company issued senior notes in the aggregated principal amount of US\$175,000,000 due in 2019 (the "**Original Senior Notes**") on Singapore Exchange Securities Trading Limited, with an interest rate of 6.95% per annum payable semi-annually in arrears. Subsequently on 14 February 2017, the Company issued additional notes in the aggregate principal amount of US\$225,000,000 (to be consolidated and form a single series with the Original Senior Notes) (the "**Additional Senior Notes**"). The maturity date of the Additional Senior Notes (the "**Maturity Date**") is 8 December 2019. At any time and from time to time before the Maturity Date, the Company may at its option redeem the Additional Senior Notes, at a pre-determined redemption price. For more details, please refer to the announcements of the Company dated 2 December 2016 and 15 February 2017 and the relevant offering memorandum.

As at the date of this report, the Group had fully utilised the net proceeds from the issuance of the Additional Senior Notes in a manner consistent with the proposed allocations in the offering memorandum, of which US\$50,000,000, US\$100,000,000 and US\$75,000,000 were applied on the projects of Lan Sky (融信 • 瀾天), Xiaoshan Residence (融信 • 蕭山公館) and Platinum (融信 • 鉑爵), respectively, for their construction and development.

### **Issuance of Public and Private Corporate Bonds on the Shanghai Stock Exchange and the Shenzhen Stock Exchange**

During 2016, Rongxin (Fujian) Investment Group Co., Ltd ("**Rongxin Group**"), a wholly-owned subsidiary of the Company, issued the following bonds based on the approvals it obtained (i) for the public issuance of



corporate bonds on the Shanghai Stock Exchange in an aggregate principal amount of up to RMB2.5 billion (the “**Shanghai Public Corporate Bonds**”); (ii) for the private placement of corporate bonds on the Shenzhen Stock Exchange in an aggregate principal amount of up to RMB3.5 billion (the “**Shenzhen Private Corporate Bonds**”); and (iii) for the private placement of corporate bonds on the Shanghai Stock Exchange in an aggregate principal amount of up to RMB5.0 billion (the “**Shanghai Private Corporate Bonds**”, together with Shanghai Public Corporate Bonds and Shenzhen Private Corporate Bonds, the “**Domestic Corporate Bonds**”):

- (a) on 19 January 2016, Rongxin Group issued the second tranche of the Shanghai Public Corporate Bonds in an aggregate principal amount of RMB1.3 billion with a 5-year term at a coupon rate of 6.2% per annum. At the maturity of third year, Rongxin Group has an option to adjust the coupon rate, and investors can exercise retractable option;
- (b) on 26 January 2016, Rongxin Group issued the first tranche of the Shenzhen Private Corporate Bonds in an aggregate principal amount of RMB3.1 billion with an initial 2-year term at a coupon rate of 7.89% per annum. At the maturity of the second year, the investors have a right to extend the maturity date of the bonds for another two years;
- (c) on 18 February 2016, Rongxin Group issued the second tranche of the Shenzhen Private Corporate Bonds in an aggregate principal amount of RMB0.4 billion with an initial 2-year term at a coupon rate of 7.6% per annum. At the maturity of the second year, the investors have a right to extend the maturity date of the bonds for a further two years;
- (d) on 21 March 2016, Rongxin Group issued the first tranche of the Shanghai Private Corporate Bonds in an aggregate principal amount of RMB0.5 billion with a 3-year term at a coupon rate of 7.5% per annum. At the maturity of the second year, Rongxin Group has a right to adjust the interest rate of the outstanding bonds, and the bond subscriber has a right to sell all or any part of the outstanding bonds to Rongxin Group at the nominal value;
- (e) on 29 April 2016, Rongxin Group issued the second tranche of the Shanghai Private Corporate Bonds in an aggregate principal amount of RMB0.55 billion with a 3-year term at a coupon rate of 7.4% per annum. At the maturity of the second year, the investors have a right to request Rongxin Group to early redeem the second tranche of the Shanghai Private Corporate Bonds;
- (f) on 24 June 2016, Rongxin Group issued the third tranche of the Shanghai Private Corporate Bonds in an aggregate principal amount of RMB1.05 billion with a 3-year term at a coupon rate of 7.52% per annum; and



## Management Discussion and Analysis

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

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

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

### Issuance of Asset-backed Securities

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

### Issuance of Perpetual Capital Instruments

The issuing amounts and the holders of the perpetual capital instruments

As at 30 June 2017, four perpetual capital instruments (collectively, the "**Perpetual Capital Instruments**") with an aggregated amount of RMB3,200 million were issued by the subsidiaries of the Company pursuant to the following agreements:

- (i) the entrusted fund agreement dated 30 March 2016 and entered into between a securities company in the PRC (the "**Securities Company**"), as investor, Shanghai Qianpo Investment Advisory Company Limited, a wholly-owned subsidiary of the Company incorporated in the PRC ("**Shanghai Qianpo**"), as investee, and a licensed bank in Nanchong City, Sichuan Province ("**Nanchong Bank**"), as entrusted bank (the "**First Entrusted Fund Agreement**") pursuant to which the Securities Company entrusted Nanchong Bank to extend an advancement of up to RMB2,000 million to Shanghai Qianpo. As at 30 June 2017, the Securities Company advanced an aggregate of RMB200 million to Shanghai Qianpo through this arrangement;
- (ii) the entrusted fund agreement dated 27 May 2016 and entered into between an asset management company in the PRC (the "**Asset Management Company**"), as investor, Rongxin (Fujian) Investment Company Limited, a wholly-owned subsidiary of the Company incorporated in the PRC ("**Rongxin Group**"), as investee, and a licensed bank in Shenzhen ("**Shenzhen Bank**") as entrusted bank (the "**Second**

- Entrusted Fund Agreement**) pursuant to which the Asset Management Company entrusted Shenzhen Bank to extend an advancement of up to RMB1,000 million to Rongxin Group. As at 30 June 2017, the Asset Management Company advanced RMB1,000 million to Rongxin Group through this arrangement;
- (iii) the trust fund agreement dated 27 June 2016 and entered into between a trust company in the PRC (the **“Trust Company”**), as investor, and Hemei (Shanghai) Property Development Company Limited, a non wholly-owned subsidiary of the Company incorporated in the PRC (**“Hemei Shanghai Property”**), as investee (the **“Trust Fund Agreement”**) pursuant to which the Trust Company agreed to extend an advancement of up to RMB500 million to Hemei Shanghai Property. As at 30 June 2017, the Trust Company advanced RMB500 million to Hemei Shanghai Property through this arrangement; and
- (iv) the entrusted fund agreement dated 2 December 2016 and entered into between the Asset Management Company, as investor, Rongxin Group, as investee, and the Shenzhen Bank, as entrusted bank (the **“Third Entrusted Fund Agreement”**) pursuant to which the Asset Management Company entrusted Shenzhen Bank to extend an advancement of up to RMB1,500 million to Rongxin Group. As at 30 June 2017, the Asset Management Company advanced RMB1,500 million to Rongxin Group through this arrangement.

#### Major Terms and Agreement Nature

##### (A) *First Entrusted Fund Agreement*

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

##### (1) *Shanghai Qianpo has no mandatory repayment obligations*

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

##### (2) *Fund repayment*

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

##### (3) *Interests*

The advancement made under the First Entrusted Fund Agreement bears an interest rate of 4.35% per annum for the first year, 4.75% per annum for the second to fourth years, and 4.95% per annum for the fifth year and thereafter. Accumulated interests will be payable by Shanghai Qianpo

## Management Discussion and Analysis

to the Securities Company when Shanghai Qianpo declares dividends to its shareholders. If no dividend is declared in the relevant year, the relevant interest payments can be deferred and accumulated pursuant to the First Entrusted Fund Agreement and be paid to the Securities Company at the time when Shanghai Qianpo next declares dividends thereafter.

(4) *Use of proceeds*

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

(B) *Second Entrusted Fund Agreement*

(1) *Rongxin Group has no mandatory repayment obligations*

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

(2) *Fund repayment*

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

(3) *Interests*

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

(4) *Use of proceeds*

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

(C) *Trust Fund Agreement*

(1) *Hemei Shanghai Property has no mandatory repayment obligations*

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

(2) *Fund repayment*

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

(3) *Interests*

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

(4) *Use of proceeds*

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

(D) *Third Entrusted Fund Agreement*

(1) *Rongxin Group has no mandatory repayment obligations*

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

(2) *Fund repayment*

If Rongxin Group intends to make repayment within the first six months after the relevant advancements, Rongxin Group shall obtain consent from the Asset Management Company in advance or Rongxin Group is required to pay the relevant interests for the first six months. If the repayment is made beyond six months after the relevant advancements, Rongxin Group shall give

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one month prior notice to the Asset Management Company. The relevant repayments shall be a multiple of RMB10 million, and shall be paid together with the relevant outstanding interest payments.

### (3) *Interests*

The advancement made by the Asset Management Company under the Third Entrusted Fund Agreement bears an interest rate of 8.0% per annum for the first two years and 16.0% per annum thereafter. Accumulated interests will be payable by Rongxin Group to the Asset Management Company when the Company and/or Rongxin Group declare dividends to their respective shareholders. If no dividend is declared in the relevant year, the interest rate applicable to that year will be increased by 50% (up to a maximum cap of 16.0% per annum) and the relevant interests can be deferred and accumulated pursuant to the Third Entrusted Fund Agreement, and be paid to the Asset Management Company at the time when the Company and/or Rongxin Group next declare dividends thereafter.

### (4) *Use of proceeds*

The relevant advancements shall be used for the development of the property development project of the Group.

### Comparison between the Perpetual Capital Instruments and the Company's Ordinary Shares

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

	<b>Ordinary shares</b>	<b>Perpetual capital instruments</b>
<b>Voting rights</b>	Holders of the ordinary shares of the Company (the " <b>Shareholders</b> ") enjoy voting rights pursuant to the Company's articles of association	Holders of Perpetual Capital Instruments are not entitled to voting rights
<b>Rights and rank to dividends/ coupons</b>	All Shareholders are entitled to declared dividend payments	Holders of Perpetual Capital Instruments are not entitled to dividend payments but are entitled to accumulated unpaid interests when the Company and/or the relevant investees declare dividends
<b>Profit entitlement</b>	All Shareholders are entitled to share the profit of the Group through dividend distribution of the Group	Holders of Perpetual Capital Instruments are not entitled to share the profit of the Group but are entitled to accumulated unpaid interests when the Company and/or the relevant investees declare dividends

	<b>Ordinary shares</b>	<b>Perpetual capital instruments</b>
<b>Ranking on distribution on liquidation</b>	All Shareholders are ranked pari passu	In the event of liquidation of the Company or the relevant investees, holders of the Perpetual Capital Instruments have priority over the Shareholders for the settlement of outstanding advancements and accumulated interests pursuant to the relevant agreement
<b>Winding-up or dissolution of the Company</b>	All Shareholders are ranked pari passu	In the event of winding up or dissolution of the Company or the relevant investees, holders of Perpetual Capital Instruments have priority over the Shareholders for the settlement of outstanding advancements and accumulated interests pursuant to the relevant agreement

Pursuant to the terms of the Perpetual Capital Instruments, the relevant advancements received by the Group do not have a fixed repayment term or maturity date. The relevant fund repayment and interest payment can be deferred at the discretion of either the relevant investee or the Company. The Directors therefore classified the advancements as perpetual capital instruments.

Each of the Securities Company, the Asset Management Company and the Trust Company is the holder of the respective Perpetual Capital Instruments. To the best of the knowledge, information and belief of the Directors, upon reasonable enquiries having made, each of the Securities Company, the Asset Management Company and the Trust Company is independent to the Company and its connected persons.

#### Future plan of the Perpetual Capital Instruments

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

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, the Group's net current assets amounted to RMB50,144.9 million (31 December 2016: RMB46,760.9 million). Specifically, the Group's total current assets increased by approximately 15.3% from RMB89,415.3 million as at 31 December 2016 to RMB103,087.5 million as at 30 June 2017. The Group's total current liabilities increased by approximately 24.1% from RMB42,654.3 million as at 31 December

## Management Discussion and Analysis

2016 to RMB52,942.6 million as at 30 June 2017. The increase in the Group's total current assets was primarily attributable to the increase in completed properties held for sale and properties under development by approximately 53.2% from RMB39,187.5 million as at 31 December 2016 to RMB60,051.8 million as at 30 June 2017.

As at 30 June 2017, the Group had bank deposits (including term deposits, restricted cash, and cash and cash equivalents) of RMB11,011.5 million (31 December 2016: RMB16,749.8 million), total borrowings of RMB58,347.5 million (31 December 2016: RMB39,417.3 million) and weighted average effective interest rate for outstanding borrowings of approximately 6.7% (including bank borrowings, other borrowings, asset-backed securities, public corporate bond, private corporate bond and senior notes) (31 December 2016: approximately 6.8%).

As at 30 June 2017, the aggregated amount of the Domestic Corporate Bonds was RMB10,904.0 million, representing approximately 18.7% of the total borrowings of the Group.

### PLEDGE OF ASSETS

As at 30 June 2017, the Group's bank and other borrowings were secured by the Group's assets of RMB44,532.9 million (31 December 2016: RMB30,495.6 million) which includes (i) completed properties held for sale; (ii) properties under development; (iii) property, plant and equipment; (iv) land use rights; (v) restricted cash from properties pre-sale proceeds and held as securities for borrowings; and (vi) investment properties. Certain other borrowings were also secured by the equity interests of certain subsidiaries.

### CONTINGENT LIABILITIES

The Group's contingent liabilities primarily include guarantees that the Group had provided to PRC banks in respect of the mortgage loans granted by the banks to purchasers of the Group's properties. The purchaser mortgage guarantees are typically released when the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally take place after the properties are delivered to the purchasers. The borrowing guarantees represent the maximum exposure of the guarantees provided for the borrowings of related parties and an independent third party at the respective balance sheet dates. The total outstanding guarantee amounts provided by the Group amounted to RMB14,609.6 million as at 30 June 2017 (31 December 2016: RMB17,049.6 million).

The Directors believe that, in case of a default by the Group's purchasers on their mortgage payments, the net realisable value of the relevant properties will be sufficient to repay the outstanding mortgage loans, together with any accrued interest and penalty. Therefore, the Group did not make any provision in connection with these guarantees. The Group also provides various quality warranties to purchasers of its properties, with a term ranging from one to five years, in accordance with the relevant PRC laws and regulations. Such



warranties are covered by back-to-back warranties provided to the Group by the respective construction contractors. In addition, the Group has, from time to time, also been a party to lawsuits and other legal proceedings in the normal course of business.

### **Current ratio**

As at 30 June 2017, the current ratio of the Group was 1.95 times (31 December 2016: 2.10 times). The decrease of the Group's current ratio was mainly due to an increase of borrowings included in the current liabilities.

### **Gearing ratio**

The gearing ratio of the Group was raised from 98% as at 31 December 2016 to 192% as at 30 June 2017, mainly due to an increase of total borrowings.

## **SIGNIFICANT INVESTMENTS HELD**

Save as disclosed in notes 12 and 13 to the consolidated financial statement on pages 66 to 69 in this report, there were no significant investment held by the Group as at 30 June 2017.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS**

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

## **USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING**

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

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



### FOREIGN CURRENCY RISK

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

### MATERIAL ACQUISITION AND DISPOSAL

During the six months ended 30 June 2017, the Group did not perform any material acquisition or disposal of subsidiaries and associated companies.

### EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2017, the Group employed a total of 1,267 full-time employees (30 June 2016: 853 full-time employees). For the six months ended 30 June 2017, the staff cost recognised as expenses of the Group amounted to RMB226.6 million.

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

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

The Group's employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the six months ended 30 June 2017, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

## EVENTS AFTER THE PERIOD

On 27 July 2017, Shanghai Kaiyin Enterprise Company Limited\* (上海愷胤實業有限公司), an indirect wholly-owned subsidiary of the Company, entered into five equity transfer agreements with each of Zhejiang Hailiang Investment Company Limited\* (浙江海亮投資股份有限公司), Mr. Feng Hailiang (馮海良), Ningbo Hairao Investment Company Limited\* (寧波海饒投資有限公司) (“**Hairao Investment**”), Mr. Tang Lu (唐魯) and Zhejiang Hailiang Charity Foundation\* (浙江海亮慈善基金會), respectively, in relation to the acquisition of 55% equity interest in Ningbo Hailiang Property Investment Company Limited\* (寧波海亮房地產投資有限公司) (the “**Ningbo Hailiang Acquisition**”).

On the same date, Shanghai Rongen Property Development Company Limited\* (上海融恩房地產開發有限公司), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Hairao Investment in relation to the acquisition of 55% equity interest in Anhui Hailiang Property Company Limited\* (安徽海亮房地產有限公司) (the “**Anhui Hailiang Acquisition**”).

For further details of the Ningbo Hailiang Acquisition and the Anhui Hailiang Acquisition, please refer to the announcements of the Company dated 27 July 2017 and 18 August 2017, respectively.

On 14 August 2017, Rongxin (Fujian) Investment Company Limited\* (融信(福建)投資集團有限公司) (“**Rongxin Investment**”), as guarantor, entered into a guarantee agreement in favour of Bank of Beijing Co., Ltd., Nanjing Branch\* (北京銀行股份有限公司南京分行) (the “**Creditor**”), pursuant to which Rongxin Investment has agreed to provide guarantee for the due performance of the repayment obligations of Nanjing Kaijingsheng Property Development Co., Ltd.\* (南京愷璟晟房地產開發有限公司) (the “**JV Company**”) to the Creditor under the loan agreement entered into between the JV Company and the Creditor on the same date in relation to the grant of loan in the principal amount of RMB800 million. For further details, please refer to the announcement of the Company dated 14 August 2017.

Save as disclosed above, the Group do not have any material subsequent events after the Period.

# Corporate Governance and Other Information

## CORPORATE GOVERNANCE

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

The Company has adopted the corporate governance code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions under the Corporate Governance Code during the six months ended 30 June 2017, save and except for the deviation from code provision A.2.1 of the Corporate Governance Code as disclosed below.

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

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the “**Model Code**”) as the guidelines for the Directors’ dealings in the securities of the Company. Following specific enquiries to each of the Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code during the six months ended 30 June 2017.

## SHARE OPTION SCHEME

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

## Details of the Share Option Scheme

### (1) Purpose

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

### (2) Participants

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

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

### (3) The maximum number of Shares available for issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, and such 10% limit represents 135,000,000 Shares (approximately 9.98% of the total Shares in issue as at 30 June 2017).

### (4) The maximum entitlement of each participant

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

### (5) Time of acceptance and exercise of option

An option may be accepted by a participant to whom the offer is made within 5 business days from the date on which the letter containing the offer is delivered to that participant. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme.

## Corporate Governance and Other Information

Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

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

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

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

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

### (7) The remaining life of the Share Option Scheme

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

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

### Details of the Share Option Granted

Details of the share options granted under the Share Option Scheme during the six months ended 30 June 2017 were as follows:

Name of grantees	Date of grant	Exercise price per share (HK\$)	Exercise periods (Note 1)	Balance as at 1 January 2017	Changes during the six months ended 30 June 2017				Balance as at 30 June 2017
					Granted	Exercised	Forfeited	Lapsed	
<b>Directors</b>									
Mr. Wu Jian	5 January 2017	5.96	5 January 2018 to 4 January 2022	—	4,681,205	—	—	—	4,681,205
Mr. Lin Junling	5 January 2017	5.96	5 January 2018 to 4 January 2022	—	4,681,205	—	—	—	4,681,205
Mrs. Zeng Feiyan	5 January 2017	5.96	5 January 2018 to 4 January 2022	—	4,681,205	—	—	—	4,681,205
<b>Other employees</b>	5 January 2017	5.96	5 January 2018 to 4 January 2022	—	48,425,260	—	(4,839,645)	—	43,585,615
				—	62,468,875	—	(4,839,645)	—	57,629,230

Notes:

- (1) In respect of each grantee, the share options granted shall be exercisable during the relevant periods in three tranches: (i) 30% of which shall be vested on the first anniversary of the date of grant, i.e. 5 January 2018; (ii) another 30% of which shall be vested on the second anniversary of the date of grant, i.e. 5 January 2019; and (iii) the remaining of which shall be vested on the third anniversary of the date of grant, i.e. 5 January 2020.
- (2) The closing price of the securities immediately before the date on which the options were granted was HK\$5.98.

Save as disclosed above, no option was granted or agreed to be granted under the Share Option Scheme during the six months ended 30 June 2017.

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

As at 30 June 2017, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

### INTERESTS IN SHARES OF THE COMPANY

Name of Director	Nature of Interest/Capacity	Number of Shares or underlying Shares <sup>(Note 1)</sup>	Approximate percentage of shareholding <sup>(Note 1)</sup>
Mr. Ou Zonghong <sup>(Note 2)</sup>	Beneficiary of a trust	1,012,500,000 (L)	74.87%
Mr. Lin Junling <sup>(Note 3)</sup>	Beneficial owner	4,681,205 (L)	0.35%
Mr. Wu Jian <sup>(Note 3)</sup>	Beneficial owner	4,681,205 (L)	0.35%
Mr. Zeng Feiyan <sup>(Note 3)</sup>	Beneficial owner	4,681,205 (L)	0.35%

Notes:

- (1) As at 30 June 2017, the Company issued 1,352,348,000 Shares. The letter (L) denotes the entity's long position in the relevant Shares.
- (2) Mr. Ou is a beneficiary of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (the son of Mr. Ou) as the settlor with Mr. Ou being the protector. TMF (Cayman) Ltd., the trustee of Ou Family Trust, through a wholly owned BVI company, namely Honesty Global Holdings Limited, which in turn wholly-owned another BVI company, namely Dingxin Company Limited, held 1,012,500,000 Shares as at 30 June 2017.
- (3) The Company adopted the Share Option Scheme on 28 December 2015. As at 30 June 2017, according to the Share Option Scheme, each of Mr. Lin Junling, Mr. Wu Jian and Ms. Zeng Feiyan had 4,681,205 outstanding share options.

Save as disclosed above, as at 30 June 2017, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

So far as is known to the Company, as at 30 June 2017, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

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

Notes:

- (1) As at 30 June 2017, the Company issued 1,352,348,000 Shares. The letter (L) denotes the entity's long position in the relevant Shares.
- (2) Dingxin Company Limited is a BVI company wholly owned by Honesty Global Holdings Limited, another BVI company, wholly owned by TMF (Cayman) Ltd., the trustee of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (as the settlor) with Mr. Ou Zonghong being the protector. Accordingly, each of Honesty Global Holdings Limited, TMF (Cayman) Ltd. and Mr. Ou Guofei is deemed to be interested in the Shares held by Dingxin Company Limited.
- (3) Mr. Ou Guofei is the son of Mr. Ou Zonghong.
- (4) Ms. Xu Lixiang is the spouse of Mr. Ou Zonghong and is therefore deemed under the SFO to be interested in the Shares held by Mr. Ou Zonghong.

Save as disclosed above, as at 30 June 2017, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.



### INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil).

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

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

### AUDIT COMMITTEE

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

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee consists of three members, namely Mr. Qu Wenzhou, Mr. Lo, Wing Yan William and Mr. Ren Yunan, each of them is an independent non-executive Director. The chairman of the Audit Committee is Mr. Qu Wenzhou who possesses appropriate professional qualifications. The Audit Committee had reviewed the interim report and the interim results for the six months ended 30 June 2017. The interim results for the six months ended 30 June 2017 has not been audited but has been reviewed by PricewaterhouseCoopers, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

By order of the Board

**Ronshine China Holdings Limited**

**Ou Zhonghong**

*Chairman*

Hong Kong, 24 August 2017

# Interim Condensed Consolidated Income Statement

	Note	Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Revenue	7	<b>11,900,869</b>	6,983,410
Cost of sales		<b>(9,691,237)</b>	(5,698,424)
<b>Gross profit</b>		<b>2,209,632</b>	1,284,986
Selling and marketing costs		<b>(197,328)</b>	(237,573)
Administrative expenses		<b>(319,473)</b>	(183,373)
Fair value gains on the remeasurement of joint ventures		—	278,074
Fair value gains on investment properties	12	<b>42,000</b>	9,000
Other income and other gains		<b>18,447</b>	4,750
<b>Operating profit</b>		<b>1,753,278</b>	1,155,864
Finance income - net	9	<b>17,172</b>	41,274
Share of profits of investments accounted for using the equity method, net	13	<b>269,506</b>	305,241
<b>Profit before income tax</b>		<b>2,039,956</b>	1,502,379
Income tax expenses	10	<b>(921,950)</b>	(485,585)
<b>Profit for the period</b>		<b>1,118,006</b>	1,016,794
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>687,851</b>	858,164
Non-controlling interests		<b>305,403</b>	133,661
Holder of Perpetual Capital Instruments	25	<b>124,752</b>	24,969
		<b>1,118,006</b>	1,016,794
<b>Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)</b>			
— Basic	11	<b>0.51</b>	0.65
— Diluted	11	<b>0.51</b>	0.65

# Interim Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<b>1,118,006</b>	1,016,794
Other comprehensive income	—	—
<b>Total comprehensive income for the period</b>	<b>1,118,006</b>	1,016,794
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	<b>687,851</b>	858,164
Non-controlling interests	<b>305,403</b>	133,661
Holder of Perpetual Capital Instruments	<b>124,752</b>	24,969
	<b>1,118,006</b>	1,016,794

# Interim Condensed Consolidated Balance Sheet

	Note	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	1,370,351	1,321,057
Land use rights	12	471,976	479,518
Investment properties	12	5,834,086	4,058,000
Prepayments	15	3,167,915	—
Intangible assets		5,069	4,876
Investments accounted for using the equity method	13	4,463,857	2,695,532
Available-for-sale financial assets	19	—	33,724
Term deposits	18	—	640,000
Deferred income tax assets	27	217,680	258,949
		<b>15,530,934</b>	9,491,656
<b>Current assets</b>			
Properties under development	14	49,025,812	31,614,716
Completed properties held for sale	14	11,025,992	7,572,767
Trade and other receivables and prepayments	15	25,987,181	32,103,325
Amounts due from joint ventures	31(c)	3,390,715	229,101
Amounts due from customers for contract works	16	1,629,979	1,249,435
Prepaid taxation		994,899	512,156
Available-for-sale financial assets	19	21,333	24,000
Term deposits	18	3,422,471	3,677,169
Restricted cash	17	1,143,406	907,034
Cash and cash equivalents	18	6,445,664	11,525,557
		<b>103,087,452</b>	89,415,260
<b>Total assets</b>		<b>118,618,386</b>	98,906,916
<b>EQUITY</b>			
<b>Capital and reserves attributable to the owners of the Company</b>			
Share capital	21	12	12
Share premium	21	2,485,669	2,485,669
Other reserves		5,699,622	4,984,837
		<b>8,185,303</b>	7,470,518
Non-controlling interests		13,254,574	12,386,271
Perpetual Capital Instruments	25	3,186,115	3,232,533
<b>Total equity</b>		<b>24,625,992</b>	23,089,322

## Interim Condensed Consolidated Balance Sheet

	Note	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	26	39,464,183	31,683,744
Deferred income tax liabilities	27	1,585,656	1,479,533
		<b>41,049,839</b>	33,163,277
<b>Current liabilities</b>			
Trade and other payables	28	15,071,945	10,947,247
Amounts due to related parties	31(c)	56,041	1,474,137
Pre-sale proceeds received from customers		17,384,874	20,968,395
Current income tax liabilities		1,546,414	1,531,018
Borrowings	26	18,883,281	7,733,520
		<b>52,942,555</b>	42,654,317
<b>Total liabilities</b>		<b>93,992,394</b>	75,817,594
<b>Total equity and liabilities</b>		<b>118,618,386</b>	98,906,916

# Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserves	Statutory reserves	Share-based compensation reverse	Retained earnings	Total	Non-controlling interests	Perpetual Capital Instruments	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 21)	(Note 21)	(Note 22)	(Note 23)	(Note 20)				(Note 25)	
<b>Six months ended 30 June 2017</b>										
<b>(Unaudited)</b>										
<b>Balance at 1 January 2017</b>	12	2,485,669	1,403,011	503,023	–	3,078,803	7,470,518	12,386,271	3,232,533	23,089,322
<b>Comprehensive income</b>										
– Profit for the period	–	–	–	–	–	687,851	687,851	305,403	124,752	1,118,006
– Other comprehensive income	–	–	–	–	–	–	–	–	–	–
<b>Total comprehensive income</b>	–	–	–	–	–	687,851	687,851	305,403	124,752	1,118,006
<b>Transactions with owners in their capacities as owners</b>										
Redemption of Perpetual Capital Instruments (Note 25)	–	–	–	–	–	–	–	–	(50,000)	(50,000)
Distribution made to holders of Perpetual Capital Instruments (Note 25)	–	–	–	–	–	–	–	–	(121,170)	(121,170)
Capital injections from non-controlling interests	–	–	–	–	–	–	–	562,900	–	562,900
Share option scheme	–	–	–	–	26,934	–	26,934	–	–	26,934
<b>Total transactions with owners in their capacities as owners</b>	–	–	–	–	26,934	–	26,934	562,900	(171,170)	418,664
<b>Balance at 30 June 2017</b>	12	2,485,669	1,403,011	503,023	26,934	3,766,654	8,185,303	13,254,574	3,186,115	24,625,992

## Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						Non-controlling interests	Perpetual Capital Instruments	Total equity
	Share capital	Share premium	Capital reserves	Statutory reserves	Retained earnings	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 21)	(Note 21)	(Note 22)	(Note 23)				(Note 25)	
<b>Six months ended 30 June 2016</b>									
<b>(Unaudited)</b>									
<b>Balance at 1 January 2016</b>	—	989,745	1,023,290	337,228	1,952,259	4,302,522	770,210	—	5,072,732
<b>Comprehensive income</b>									
— Profit for the period	—	—	—	—	858,164	858,164	133,661	24,969	1,016,794
— Other comprehensive income	—	—	—	—	—	—	—	—	—
<b>Total comprehensive income</b>	—	—	—	—	858,164	858,164	133,661	24,969	1,016,794
<b>Transactions with owners in their capacities as owners</b>									
Issue of shares in connection with the capitalisation issue	9	(9)	—	—	—	—	—	—	—
Issue of shares in connection with the Company's listing	3	1,540,694	—	—	—	1,540,697	—	—	1,540,697
Share issuance costs	—	(44,761)	—	—	—	(44,761)	—	—	(44,761)
Dividend of a subsidiary	—	—	—	—	—	—	(414,760)	—	(414,760)
Acquisition of a subsidiary	—	—	—	—	—	—	740,000	—	740,000
Change from joint ventures to subsidiaries	—	—	—	—	—	—	2,688,342	—	2,688,342
Issuance of Perpetual Capital Instruments (Note25)	—	—	—	—	—	—	—	3,200,000	3,200,000
Redemption of Perpetual Capital Instruments (Note25)	—	—	—	—	—	—	—	(1,500,000)	(1,500,000)
Distribution made to holders of Perpetual Capital Instruments (Note25)	—	—	—	—	—	—	—	(3,694)	(3,694)
Capital injections from non-controlling interests	—	—	379,721	—	—	379,721	1,697,056	—	2,076,777
<b>Total transactions with owners in their capacities as owners</b>	12	1,495,924	379,721	—	—	1,875,657	4,710,638	1,696,306	8,282,601
<b>Balance at 30 June 2016</b>	12	2,485,669	1,403,011	337,228	2,810,423	7,036,343	5,614,509	1,721,275	14,372,127

# Interim Condensed Consolidated Statement of Cash Flows

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Cash flows from operating activities</b>		
Cash (used in)/generated from operations	<b>(12,621,043)</b>	812,951
PRC corporate income tax paid	<b>(853,927)</b>	(225,894)
PRC land appreciation tax paid	<b>(387,978)</b>	(294,782)
Net cash (used in)/generated from operating activities	<b>(13,862,948)</b>	292,275
<b>Cash flows from investing activities</b>		
Payments for purchase of property and equipment and investment properties	<b>(3,197,081)</b>	(103,827)
Payment for purchase of intangible assets	<b>(969)</b>	(692)
Proceeds from disposal of property and equipment	<b>1,706</b>	2,750
Capital injections to joint ventures and an associate	<b>(1,498,819)</b>	(1,401,701)
Acquisition of a subsidiary, net of cash acquired	<b>(61,477)</b>	(1,540,326)
Cash acquired from change of joint ventures to subsidiaries	—	72,555
Payments for acquisition of available-for-sale financial assets	—	(198,000)
Proceeds from disposal of available-for-sale financial assets	<b>36,391</b>	239,000
Cash advances to related parties	<b>(3,381,674)</b>	(304,000)
Repayments from related parties	<b>220,060</b>	—
Interest received	<b>37,496</b>	26,467
Decrease in term deposits	<b>894,698</b>	1,021,799
Net cash used in investing activities	<b>(6,949,669)</b>	(2,185,975)



## Interim Condensed Consolidated Statement of Cash Flows

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	<b>27,411,760</b>	19,799,359
Repayments of borrowings	<b>(8,481,560)</b>	(14,800,893)
Issuance of Perpetual Capital Instruments	—	3,200,000
Redemption of Perpetual Capital Instruments	<b>(50,000)</b>	(1,500,000)
Distribution to holders of Perpetual Capital Instruments	<b>(121,170)</b>	(3,694)
Cash advances from related parties	—	2,775,508
Issuance of shares in connection with the listing	—	1,540,697
Share issuance costs	—	(35,214)
Repayments to related parties	<b>(1,421,165)</b>	(151,691)
Capital injections from non-controlling interests	<b>562,900</b>	2,069,040
Interest paid	<b>(1,732,619)</b>	(1,005,821)
Restricted cash pledged for borrowings	<b>(401,123)</b>	(451,881)
Net cash generated from financing activities	<b>15,767,023</b>	11,435,410
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,045,594)</b>	9,541,710
Cash and cash equivalents at beginning of the period	<b>11,525,557</b>	2,742,466
Exchange (losses)/gains on cash and cash equivalents	<b>(34,299)</b>	14,807
<b>Cash and cash equivalents at end of the period</b>	<b>6,445,664</b>	12,298,983

# Notes to the Interim Condensed Consolidated Financial Information

## 1 General information

Ronshine China Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 11 September 2014 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company’s principal activity is investment holding. The Company and its subsidiaries (together the “Group”) are principally engaged in property development business in the People’s Republic of China (the “PRC”).

The Company’s shares were listed on the Main Board of The Stock Exchange Hong Kong Limited (the “Stock Exchange”) on 13 January 2016.

This interim condensed consolidated financial information is presented in Renminbi (“RMB”), unless otherwise stated. This interim condensed consolidated financial information has been approved for issue by the Board on 24 August 2017.

This interim condensed consolidated financial information has not been audited.

## 2 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2017 has been prepared in accordance with HKAS 34, “Interim financial reporting”. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

## 3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2017.

- (a) Amendments to HKFRSs effective for the financial year ending 31 December 2017 do not have a significant impact on the Group.

The following amendments to standards are mandatory for the Group’s financial year beginning on 1 January 2017. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

HKAS 7 (Amendment)	Changes in liabilities arising from financial activities
HKAS 12 (Amendment)	Recognition of deferred tax assets for unrealised losses
HKFRS 12 (Amendment)	Disclosure of interest in other entities

### 3 Accounting policies (continued)

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

### 4 Estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016, with the exception of changes in estimates that are required in determining the provision for income taxes (note 3(b)).

### 5 Financial risk management

#### 5.1 Financial risk factors

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

The Group's businesses are principally conducted in RMB. As at 30 June 2017, the non-RMB assets and liabilities of the Group are mainly cash and cash equivalents and term deposits (Note 18) denominated in United States Dollars ("USD") and Hong Kong Dollars ("HK\$") and borrowings denominated in USD (Note 26). The Group has not entered into forward exchange contract to hedge its exposure to foreign exchange risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

There have been no changes in the risk management policies since year end of 2016.

#### 5.2 Liquidity risk

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

## 5 Financial risk management (continued)

### 5.2 Liquidity risk (continued)

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>As at 30 June 2017 (Unaudited)</b>					
Borrowings (Note 26)	22,492,799	26,979,737	13,306,341	1,950,132	64,729,009
Trade and other payables, excluding accrual for staff costs and allowances, other taxes payable (Note 28)	14,558,317	—	—	—	14,558,317
Amounts due to related parties (Note 31(c))	56,041	—	—	—	56,041
Financial guarantee (Note 29)	15,238,562	—	—	—	15,238,562
<hr/>					
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>As at 31 December 2016 (Audited)</b>					
Borrowings (Note 26)	10,131,233	19,700,990	13,531,060	1,178,662	44,541,945
Trade and other payables, excluding accrual for staff costs and allowances, other taxes payable (Note 28)	10,620,085	—	—	—	10,620,085
Amounts due to related parties (Note 31(c))	1,474,137	—	—	—	1,474,137
Financial guarantee (Note 29)	20,216,460	—	—	—	20,216,460

Note: Interest on borrowings is calculated on borrowings held as at 30 June 2017 and 31 December 2016, respectively. Floating-rate interest is estimated using the current interest rate as at 30 June 2017 and 31 December 2016, respectively.

### 5.3 Capital management

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

## 5 Financial risk management (continued)

### 5.3 Capital management (continued)

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the owners, issue new shares or sell assets to reduce debts.

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

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Total borrowings (Note 26)	<b>58,347,464</b>	39,417,264
Less: Cash and cash equivalents (Note 18)	<b>(6,445,664)</b>	(11,525,557)
Term deposits (Note 18)	<b>(3,422,471)</b>	(4,317,169)
Restricted cash (Note 17)	<b>(1,143,406)</b>	(907,034)
Net borrowings	<b>47,335,923</b>	22,667,504
Total equity	<b>24,625,992</b>	23,089,322
Gearing ratio	<b>1.92</b>	0.98

### 5.4 Fair value estimation

Certain of the assets of the Group are carried at fair value or where fair value was disclosed can be categorised by level of inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels within a fair value hierarchy as follows:

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

## 5 Financial risk management (continued)

### 5.4 Fair value estimation (continued)

The available-for-sale financial assets and investment properties are measured at fair value, which is grouped into level 3 fair value measurements, subsequent to initial recognition. Techniques, such as discounted cash flow analysis, are used to determine fair value for the available-for-sale financial assets and investment properties. There were no changes in level 3 instruments during the six months ended 30 June 2017 (six months ended 30 June 2016: same).

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

## 6 Segment information

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

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

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC for the six months ended 30 June 2017 (six months ended 30 June 2016: same).

As at 30 June 2017, all of non-current assets of the Group were located in the PRC (31 December 2016: same).

There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the six months ended 30 June 2017 (six months ended 30 June 2016: same).

## 7 Revenue

Revenue of the Group for the six months ended 30 June 2017 is as follow:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Revenue from sales of properties	<b>11,688,343</b>	6,865,200
Revenue from construction contracts (Note 16)	<b>141,744</b>	92,701
Rental income and income from rendering of hotel services	<b>70,782</b>	25,509
	<b>11,900,869</b>	6,983,410

## 8 Expenses by nature

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Cost of properties sold (excluding staff costs)	<b>9,179,439</b>	5,196,934
Cost of construction contracts (excluding staff costs)	<b>131,879</b>	85,146
Staff costs (including directors' emoluments)	<b>226,631</b>	141,779
Business tax and other taxes	<b>342,947</b>	411,698
Marketing and advertising costs	<b>87,692</b>	127,124
Office lease payments	<b>21,839</b>	12,126
Property management fees	<b>22,572</b>	21,004
Depreciation (Note 12)	<b>29,542</b>	6,334
Amortisation of land use rights and intangible assets	<b>3,308</b>	637
Auditors' remuneration	<b>3,741</b>	1,926
Donations	<b>580</b>	16,320

## 9 Finance income — net

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Finance costs		
— Interests and charges related to bank and other borrowings	<b>1,682,799</b>	1,005,773
— Less: capitalised interest	<b>(1,669,898)</b>	(1,005,773)
	<b>12,901</b>	—
Finance income		
— Interest income from bank deposits	<b>(37,496)</b>	(26,467)
— Net foreign exchange losses/(gains)	<b>7,423</b>	(14,807)
Finance income — net	<b>(17,172)</b>	(41,274)

## 10 Income tax expenses

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current income tax:		
PRC corporate income tax	<b>325,704</b>	238,716
Land appreciation tax ("LAT")	<b>448,854</b>	244,068
	<b>774,558</b>	482,784
Deferred income tax	<b>147,392</b>	2,801
	<b>921,950</b>	485,585



## 10 Income tax expenses (continued)

### **Hong Kong profits tax**

The applicable Hong Kong profit tax rate is 16.5% for the six months ended 30 June 2017 (six months ended 30 June 2016: 16.5%). No Hong Kong profit tax has been provided for the six months ended 30 June 2017 as the Group did not have any assessable profits (six months ended 30 June 2016: same).

### **PRC corporate income tax**

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the six months ended 30 June 2017 and 2016, based on the existing legislation, interpretations and practices in respect thereof.

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

### **LAT**

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

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

### **Overseas income tax**

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

### **PRC dividend withholding income tax**

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

## 11 Earnings per share

### 11.1 Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2017 and 2016.

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Profit attributable to owners of the Company (RMB'000)	<b>687,851</b>	858,164
Weighted average number of ordinary shares in issue (thousand shares)	<b>1,352,348</b>	1,329,622
Basic earnings per share (RMB per share)	<b>0.51</b>	0.65

### 11.2 Dilutive

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares consist of share option scheme. For the share option scheme, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the six months ended 30 June 2017, as the average market share price of the ordinary shares during the period was lower than the monetary value of the subscription rights attached to outstanding share options, the diluted earnings per share was equal to the basic earnings per share.

## 12 Property, plant and equipment, land use right and investment properties

	Property, plant and equipment RMB'000 (note a)	Land use right RMB'000 (note b)	Investment properties RMB'000 (note c)
<b>Six months ended 30 June 2017 (Unaudited)</b>			
Opening net book amount as at 1 January 2017	1,321,057	479,518	4,058,000
Additions	79,971	—	1,006,686
Transfers from properties under development	—	—	727,400
Disposals	(1,135)	—	—
Fair value gains on investment properties	—	—	42,000
Depreciation and amortisation	(29,542)	(7,542)	—
Closing net book amount as at 30 June 2017	1,370,351	471,976	5,834,086
<b>Six months ended 30 June 2016 (Unaudited)</b>			
Opening net book amount as at 1 January 2016	840,824	483,787	—
Additions	121,362	—	—
Acquisition of a subsidiary and consolidations of entities previously held as joint ventures	98,818	10,682	3,319,000
Disposals	(2,013)	—	—
Fair value gains on investment properties	—	—	9,000
Depreciation and amortisation	(6,334)	(6,494)	—
Closing net book amount as at 30 June 2016	1,052,657	487,975	3,328,000

- (a) Certain property, plant and equipment of the Group with carrying amounts of RMB1,204,436,000 as at 30 June 2017 (31 December 2016: RMB574,798,000) was pledged as collateral for the Group's borrowings (Note 26).
- (b) Land use rights with a total carrying amount of RMB471,976,000 as at 30 June 2017 (31 December 2016: RMB479,518,000) were pledged as collateral for the Group's borrowings (Note 26).
- (c) The Group measures its investment properties at fair value. The fair value of the Group's investment properties as at 30 June 2017 has been determined on the basis of valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent and professionally qualified valuer.

## 12 Property, plant and equipment, land use right and investment properties (continued)

Fair values of the Group's investment properties are derived using either income approach or direct comparison approach, where applicable. Income approach takes into account the net rental income of a property derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Direct comparison approach is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

The main level 3 inputs used by the Group include market price, term yield, reversionary yield and rent income.

Increase in term yield or reversionary yield may result in decrease of fair value. Increase in market price or rent income may result in increase of fair value.

As at 30 June 2017, investment properties of RMB4,539,032,000 (31 December 2016: RMB4,058,000,000) were pledged as collateral for the Group's borrowings (Note 26).

## 13 Investments accounted for using the equity method

### (a) Investments accounted for using the equity method

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

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Joint ventures	<b>4,366,947</b>	2,603,872
Associates	<b>96,910</b>	91,660
	<b>4,463,857</b>	2,695,532

### 13 Investments accounted for using the equity method (continued)

#### (a) Investments accounted for using the equity method (continued)

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

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Joint ventures	<b>268,256</b>	306,457
Associates	<b>1,250</b>	(1,216)
	<b>269,506</b>	305,241

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

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Opening balances	<b>2,603,872</b>	2,440,419
Capital injections	<b>1,494,819</b>	1,401,701
Fair value gains on the remeasurement of joint ventures	—	278,074
Deemed disposal of joint ventures	—	(2,688,342)
Share of profits — net	<b>268,256</b>	306,457
	<b>4,366,947</b>	1,738,309

### 13 Investments accounted for using the equity method (continued)

**(b) Summarised financial information for major joint ventures and associates of the Group as below :**

- (i) The Group's interests in Shanghai Kaitai Property Development Co., Ltd. ("Shanghai Kaitai"), which was individually material to the Group, as at 30 June 2017 was RMB1,456,955,000 (31 December 2016: RMB1,207,767,000). In addition, the Group's share of profits of Shanghai Kaitai for the six months ended 30 June 2017 were RMB249,187,000 (Six months ended 30 June 2016: RMB85,330,000).
- (ii) The Group's interests in the joint ventures, other than Shanghai Kaitai, which were individually immaterial to the Group, as at 30 June 2017 were RMB2,909,992,000 (31 December 2016: RMB1,396,105,000). In addition, the Group's share of profits of those joint ventures for the six months ended 30 June 2017 were RMB19,069,000 (Six months ended 30 June 2016: RMB221,127,000).
- (iii) The Group's interests in the associates, which were individually immaterial to the Group, as at 30 June 2017 were RMB96,910,000 (31 December 2016: RMB91,660,000). In addition, the Group's share of profits of the associates for the six months ended 30 June 2017 were RMB1,250,000 (Six months ended 30 June 2016: losses were RMB1,216,000).

## 14 Properties under development and completed properties held for sale

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Properties under development comprise:		
– Construction costs	<b>6,842,037</b>	7,173,551
– Capitalised interests	<b>4,876,287</b>	4,843,820
– Land use rights	<b>37,307,488</b>	19,597,345
	<b>49,025,812</b>	31,614,716
Completed properties held for sale comprise:		
– Construction costs	<b>4,859,929</b>	4,480,617
– Capitalised interests	<b>1,431,538</b>	952,358
– Land use rights	<b>4,734,525</b>	2,139,792
	<b>11,025,992</b>	7,572,767

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

The capitalisation rate of the borrowings was 6.76% for the six months ended 30 June 2017 (Six months ended 30 June 2016: 7.99%).

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

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Carrying amounts of properties held for sale and properties under development pledged as collaterals for the Group's borrowings	<b>37,297,120</b>	24,570,618

## 15 Trade and other receivables and prepayments

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
<b>Trade receivables (note (a))</b>	<b>43,721</b>	109,051
<b>Notes receivable</b>	<b>—</b>	1,305
<b>Other receivables</b>		
— Deposits for acquisitions of land use rights and property development projects	<b>3,430,000</b>	40,000
— Receivables from local governments	<b>440,845</b>	440,845
— Amounts due from non-controlling interests	<b>353,263</b>	1,351,105
— Deposits for construction contracts (note (b))	<b>64,545</b>	64,545
— Others	<b>593,213</b>	417,740
	<b>4,881,866</b>	2,314,235
<b>Prepayments</b>		
— Prepayments for acquisition of land use rights	<b>23,260,000</b>	28,897,965
— Prepaid value added tax, business tax and other taxes	<b>906,851</b>	763,305
— Others	<b>62,658</b>	17,464
	<b>24,229,509</b>	29,678,734
<b>Trade and other receivables and prepayments</b>	<b>29,155,096</b>	32,103,325
Less: non-current portion of prepayments	<b>(3,167,915)</b>	—
<b>Current portion of trade and other receivables and prepayments</b>	<b>25,987,181</b>	32,103,325



## 15 Trade and other receivables and prepayments (continued)

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

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Within one year	<b>23,814</b>	82,856
Over one year	<b>19,907</b>	26,195
	<b>43,721</b>	109,051

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

As at 30 June 2017, trade receivables of RMB42,453,000 were past due but not impaired (31 December 2016: RMB26,195,000). These relate to a number of independent customers for whom there are no significant financial difficulty. Management is of the view that the overdue amounts can be recovered as the Group is entitled to take over legal title and possession of underlying properties for re-sales.

- (b) The amounts represented deposits for construction contracts of resettlement housing and land development properties (Note 16).
- (c) As at 30 June 2017, the Group's trade and other receivables were all denominated in RMB (31 December 2016: same).
- (d) As at 30 June 2017, the Group's maximum exposure to credit risk was the carrying value of each class of receivables mentioned above (31 December 2016: same). No material trade and other receivables were impaired as at 30 June 2017 (31 December 2016: same).

## 16 Amounts due from customers for contract works

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Contracts in progress at the end of the period:		
Contract costs incurred plus recognised profits	<b>1,762,543</b>	1,450,891
Less: progress billings	<b>(132,564)</b>	(201,456)
	<b>1,629,979</b>	1,249,435

Amounts due from customers for contract works arise from the Group's involvements in constructions of resettlement housing and land development projects.

According to the agreements of acquisition of land use rights entered into with certain local governments, as part of the consideration to obtain the land use rights, certain subsidiaries of the Group were required to construct houses for the respective governments.

According to an agreement with a local government, the Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities in a land development project located in Zhengzhou City in the PRC. When the land plots are sold by the local governments, the Group is entitled to receive from the local authorities a proportion of the proceeds from the sale of the land plots (including related public utilities fees, if any).

## 17 Restricted cash

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Restricted cash from properties presale proceeds	<b>294,838</b>	488,329
Restricted cash held as securities for borrowings	<b>725,459</b>	324,336
Restricted cash held as securities for issuance of commercial bills	<b>123,109</b>	94,369
	<b>1,143,406</b>	907,034

The restricted cash as at 30 June 2017 was denominated in RMB (31 December 2016 :same).

## 18 Cash and cash equivalents and term deposits

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Cash and cash equivalents denominated in: (note (a))		
– RMB	<b>6,224,315</b>	11,472,816
– USD	<b>23,385</b>	36,550
– HK\$	<b>197,964</b>	16,191
	<b>6,445,664</b>	11,525,557
Term deposits denominated in: (note (a),(b))		
– RMB	<b>2,081,140</b>	2,344,980
– USD	<b>1,341,331</b>	1,972,189
	<b>3,422,471</b>	4,317,169
Less: non-current portion	–	(640,000)
Current portion	<b>3,422,471</b>	3,677,169

- (a) The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.
- (b) The weighted average effective interest rate of the Group's term deposits as at 30 June 2017 is 0.74% per annum (31 December 2016: 0.58%). The carrying amounts of the Group's term deposits approximate their fair value, as the impact of discounting is not significant.

## 19 Available-for-sale financial assets

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Opening	<b>57,724</b>	87,000
Disposals	<b>(36,391)</b>	(41,000)
Ending	<b>21,333</b>	46,000
Less: non-current portion	—	(46,000)
Current portion	<b>21,333</b>	—

The Group's available-for-sale financial assets mainly represents the Group's investments in certain wealth management products, which can be redeemed upon request by the Group:

	<b>30 June</b>	31 December
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Wealth management products issued by:		
— a trust company	<b>21,333</b>	33,724
— big four commercial bank of the PRC	—	24,000
	<b>21,333</b>	57,724

The available-for-sale financial assets are denominated in RMB as at 30 June 2017 (31 December 2016: same).

The maximum exposure to credit risk at 30 June 2017 and 31 December 2016 is the carrying value of the investments classified as available for sale. None of these financial assets is either past due or impaired.

## 20 Equity-settled share-based payment

On 5 January 2017, the Company granted share options to certain directors and employees of the Group under the share option scheme adopted by the Company on 28 December 2015. A total of 62,469,000 share options were accepted by the directors and employees. Particulars of the share options as at 30 June 2017 were as follows:

Vesting periods	Expiry dates	Exercise price	Number of outstanding share options as at 30 June 2017
1 year to 5 January 2018	4 January 2022	HK\$5.96	17,289,000
2 years to 5 January 2019	4 January 2022	HK\$5.96	17,289,000
3 years to 5 January 2020	4 January 2022	HK\$5.96	23,051,000
			<b>57,629,000</b>

None of the outstanding share options as at 30 June 2017 was exercisable. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The fair values of options granted during the six months ended 30 June 2017 determined using the Binomial valuation model range from HK\$1.88 to HK\$1.99 per option. The significant inputs into the model were as follows:

Expected maturity date:	4 January 2022
Stock price at grant date and exercise price:	HK\$5.96 per share
Volatility:	34.41%
Annual risk-free interest rate:	2.09%
Dividend yield	nil
Suboptimal factors:	2-3

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last 5 years. The total expense recognised in consolidated income statement for share options granted to directors and employees for the six months ended 30 June 2017 was RMB26,934,000.

## 21 Share capital and share premium

	Number of ordinary shares (thousand shares)	Nominal value of ordinary shares HK\$	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Six months ended 30 June 2016 (Unaudited)					
At 1 January 2016	1	0.01	—	989,745	989,745
Issue of shares in connection with the capitalisation issue	1,012,499	10,125	9	(9)	—
Issue of shares in connection with the Company's listing	339,848	3,398	3	1,540,694	1,540,697
Share issuance costs	—	—	—	(44,761)	(44,761)
At 30 June 2016	1,352,348	13,523	12	2,485,669	2,485,681
Six months ended 30 June 2017 (Unaudited)					
<b>As at 1 January 2017 and 30 June 2017</b>	<b>1,352,348</b>	<b>13,523</b>	<b>12</b>	<b>2,485,669</b>	<b>2,485,681</b>

## 22 Capital reserves

Capital reserves mainly represented accumulated capital contribution from the then shareholders of the group companies.

## 23 Statutory reserves

In accordance with relevant rules and regulations in the PRC, when declaring dividend, the Group's PRC subsidiaries are required to appropriate not less than 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of the registered capital of the respective companies. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses brought forward from prior years or to increase the paid up capital of respective companies.

## 24 Dividend

The Directors of the Company did not recommend the payment of interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: none).

## 25 Perpetual Capital Instruments

As at 30 June 2017, certain group companies had certain outstanding subordinated Perpetual Capital Instruments (the “Perpetual Capital Instruments”). When the group companies or the Company elects to declare dividends to their shareholders, the group companies shall make distributions to the holders of Perpetual Capital Instruments at the distribution rates as defined in the subscription agreements. As the Perpetual Capital Instruments do not have maturity dates and the distribution payments can be deferred at the discretion of either the group companies or the Company, therefore, the Perpetual Capital Instruments are classified as equity instruments and recorded in equity in the consolidated balance sheet. Movements of the Perpetual Capital Instruments are as follows:

	Principal RMB'000	Appropriated profit RMB'000	Accumulated distribution of profit RMB'000	Total RMB'000
Balance as at 1 January 2017 (Audited)	3,200,000	102,019	(69,486)	3,232,533
Redemption of Perpetual Capital Instruments	(50,000)	—	—	(50,000)
Profit attributable to holders of Perpetual Capital Instruments	—	124,752	—	124,752
Distribution made to holders of Perpetual Capital Instruments	—	—	(121,170)	(121,170)
<b>Balance as at 30 June 2017 (Unaudited)</b>	<b>3,150,000</b>	<b>226,771</b>	<b>(190,656)</b>	<b>3,186,115</b>
Balance as at 1 January 2016 (Audited)	—	—	—	—
Issuance of Perpetual Capital Instruments	3,200,000	—	—	3,200,000
Redemption of perpetual capital instruments	(1,500,000)	—	—	(1,500,000)
Profit attributable to holders of Perpetual Capital Instruments	—	24,969	—	24,969
Distribution made to holders of Perpetual Capital Instruments	—	—	(3,694)	(3,694)
<b>Balance as at 30 June 2016 (Unaudited)</b>	<b>1,700,000</b>	<b>24,969</b>	<b>(3,694)</b>	<b>1,721,275</b>
<b>Balance as at 31 December 2016 (Audited)</b>	<b>3,200,000</b>	<b>102,019</b>	<b>(69,486)</b>	<b>3,232,533</b>

## 26 Borrowings

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Borrowings included in non-current liabilities:		
Bank borrowings — secured (note (f))	<b>12,195,260</b>	6,246,252
Other borrowings (note (a),(f))	<b>26,888,450</b>	17,322,660
— made by entrusted banks	<b>19,222,300</b>	16,240,500
— made by financial institutions directly	<b>7,666,150</b>	1,082,160
Asset backed securities (note (b))	<b>827,200</b>	827,200
Public Corporate Bonds — unsecured (note (c))	<b>2,464,841</b>	2,453,928
Private Corporate Bonds — unsecured (note (d))	<b>8,439,176</b>	8,407,269
Senior Notes — unsecured (note (e))	<b>2,637,656</b>	1,178,955
Less: current portion of non-current borrowings	<b>(13,988,400)</b>	(4,752,520)
	<b>39,464,183</b>	31,683,744
Borrowings included in current liabilities:		
Bank borrowings — secured (note (f))	<b>130,000</b>	200,000
Other borrowings (note (a),(f))	<b>4,764,881</b>	2,781,000
— made by entrusted banks	<b>—</b>	1,890,000
— made by financial institutions directly	<b>4,764,881</b>	891,000
Current portion of non-current borrowings	<b>13,988,400</b>	4,752,520
	<b>18,883,281</b>	7,733,520
Total borrowings	<b>58,347,464</b>	39,417,264



## 26 Borrowings (continued)

- (a) Certain group companies in the PRC have entered into fund arrangements with trust companies, security companies and assets management companies, respectively, pursuant to which these financial institutions raised funds and injected them, directly or through entrusted banks, to the group companies. Certain equity interests of the group companies were held by the financial institutions as collateral of which the Group is obligated to redeem at predetermined prices. The funds bear fixed interest rates and have fixed repayment terms.
- (b) In July 2016, the Group issued asset backed securities which are backed by the receivables for the balance payment of properties sold with a three-year tenure and coupon rates ranged from 4.8% to 5.4%. The asset backed securities of the Group amounted to RMB827,200,000 as at 30 June 2017 (31 December 2016: RMB827,200,000).
- (c) During the year ended 31 December 2015, Rongxin (Fujian) Investment Group Co., Ltd. (“Rongxin Fujian”), a group company incorporated in PRC, was authorised by relevant PRC government authorities to publicly issue corporate bonds with an aggregate principal amount of up to RMB2.5 billion to qualified investors (“Public Corporate Bonds”). As at 30 June 2017, the aggregated principal amounts of the issued Public Corporate Bonds is RMB2.5 billion, and the maturity dates are 3 years from the issuance dates. The coupon rates of the issued Public Corporate Bonds ranged from 6.2% to 6.4% per annum. Upon the maturity dates, Rongxin Fujian has an option to increase the coupon rate by not more than 1% and extend the maturity of the bonds with an additional 2 years while the bonds holders can choose to redeem the bonds.
- (d) During the year ended 31 December 2015, Rongxin Fujian was authorised by relevant PRC government authorities to privately issue corporate bonds with an aggregate principal amount of up to RMB8.5 billion to qualified investors (“Private Corporate Bonds”). As at 30 June 2017, the aggregated principal amounts of the issued Private Corporate Bonds is RMB8.5 billion, and the maturity dates are 2-3 years from the issuance dates. The coupon rates of the issued Private Corporate Bonds ranged from 5.8% to 7.89% per annum. Upon the maturity dates, Rongxin Fujian has an option to increase the coupon rate of RMB7.5 billion of the Private Corporate Bonds and extend the maturity of these bonds with an additional 1-2 years while the bonds holders can choose to redeem the bonds.

## 26 Borrowings (continued)

- (e) In December 2016, the Company issued 6.95%, 2 years senior notes, with aggregated nominal value of US\$175,000,000 at 98.547% of the face value. The net proceeds, after deducting the issuance costs, accounting to US\$169,816,000 (equivalent to approximately RMB1,150,402,000). In February 2017, the Company issued 6.95%, 2 years senior notes, with aggregated nominal value of US\$225,000,000 at 98.26% of the face value. The net proceeds, after deducting the issuance costs, accounting to US\$ 217,797,000 (equivalent to approximately RMB1,475,442,000). These two senior notes are collectively referred to as “Senior Notes”. The Company shall, at the option of any holder of the Senior Notes, repurchase all of the Senior Notes held by such holder at any time on or after 8 December 2018 at 100.00% of the principal amount of such Senior Notes plus accrued and unpaid interest. The Senior Notes are guaranteed by certain existing non-PRC subsidiaries of the Group.
- (f) As at 30 June 2017, the Group’s bank and other borrowings of RMB42,975,410,000 (31 December 2016: RMB26,549,912,000) were secured by the Group’s assets which include completed properties held for sale, properties under development, investment properties, property, plant and equipment, land use rights, equity interests of certain subsidiaries and restricted cash. In addition to pledge of the Group’s assets, Mr. Ou has provided personal guarantee for the bank and other borrowings of RMB6,250,452,000 as at 30 June 2017 (31 December 2016: RMB1,850,951,000).
- (g) The exposure of borrowings to interest-rate changes and the contractual repricing dates or maturity dates whichever is earlier is as follows:

	<b>30 June 2017 RMB’000 (Unaudited)</b>	31 December 2016 RMB’000 (Audited)
6 months or less	<b>5,640,965</b>	3,969,852
6–12 months	<b>19,234,561</b>	5,903,000
1–5 years	<b>31,873,023</b>	28,624,912
Over 5 years	<b>1,598,915</b>	919,500
Total	<b>58,347,464</b>	39,417,264

## 26 Borrowings (continued)

(h) The maturity of the borrowings is as follows:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Within 1 year	<b>18,883,281</b>	7,733,520
1–2 years	<b>25,199,576</b>	18,061,179
2–5 years	<b>12,425,692</b>	12,703,065
Over 5 years	<b>1,838,915</b>	919,500
Total	<b>58,347,464</b>	39,417,264

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

	<b>30 June 2017 (Unaudited)</b>	31 December 2016 (Audited)
Bank borrowings	<b>5.29%</b>	5.54%
Other borrowings	<b>6.76%</b>	6.64%
Asset backed securities	<b>5.62%</b>	5.62%
Public Corporate Bond	<b>7.31%</b>	7.31%
Private Corporate Bond	<b>7.98%</b>	7.98%
Senior Notes	<b>8.96%</b>	8.25%
Weighted average effective interest rates	<b>6.73%</b>	6.81%

(j) The Group's borrowings are denominated in:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
– RMB	<b>54,706,628</b>	38,238,309
– USD	<b>3,640,836</b>	1,178,955
	<b>58,347,464</b>	39,417,264

## 26 Borrowings (continued)

- (k) The fair value of Senior Notes included in non-current borrowings as at 30 June 2017 is RMB2,631,854,000 (31 December 2016: RMB1,196,154,000), which is quoted in Singapore Exchange Ltd. and within level 1 of the fair value hierarchy. The carrying amounts of borrowings other than Senior Notes approximate their fair values as at 30 June 2017 as either the impact of discounting is not significant or the borrowings carry floating rates of interests (31 December 2016: same).

## 27 Deferred income tax

The analysis of deferred income tax assets and deferred tax liabilities is as follows:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Deferred income tax assets		
– Deferred income tax assets to be recovered within 12 months	<b>145,558</b>	170,182
– Deferred income tax assets to be recovered after 12 months	<b>72,122</b>	88,767
	<b>217,680</b>	258,949
Deferred income tax liabilities		
– Deferred income tax liabilities to be recovered within 12 months	<b>(166,991)</b>	(186,875)
– Deferred income tax liabilities to be recovered after 12 months	<b>(1,418,665)</b>	(1,292,658)
	<b>(1,585,656)</b>	(1,479,533)
Deferred income tax liabilities – net	<b>(1,367,976)</b>	(1,220,584)

## 27 Deferred income tax (continued)

The gross movement on the deferred income tax accounts is as follows:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
At 1 January	<b>(1,220,584)</b>	151,282
Charged to the consolidated income statement (Note 10)	<b>(147,392)</b>	(2,801)
Acquisition of a subsidiary and consolidations of entities previously held as joint ventures	—	(1,340,673)
At 30 June	<b>(1,367,976)</b>	(1,192,192)

The movement in deferred income tax assets and liabilities during the six months ended 30 June 2017, without taking into consideration the offsetting of balances with the same tax jurisdiction, is as follows:

	<b>Deferred income tax assets – tax losses and others RMB'000</b>	<b>Deferred income tax liabilities – fair value gains RMB'000</b>
At 1 January 2017 (Audited)	258,949	(1,479,533)
Charged to the consolidated income statement (Note 10)	(41,269)	(106,123)
At 30 June 2017 (Unaudited)	217,680	(1,585,656)
At 1 January 2016 (Audited)	<b>151,282</b>	—
Credited/(charged) to the consolidated income statement (Note 10)	<b>62,032</b>	(64,833)
Acquisition of a subsidiary and consolidations of entities previously held as joint ventures	—	(1,340,673)
At 30 June 2016 (Unaudited)	<b>213,314</b>	(1,405,506)

## 28 Trade and other payables

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Trade payables (note (a))	<b>3,787,997</b>	3,661,156
Amounts due to non-controlling interests	<b>7,015,373</b>	5,184,526
Deposits received for sales of properties	<b>2,059,201</b>	95,372
Interests payable	<b>457,687</b>	551,124
Other taxes payable	<b>439,040</b>	223,926
Amounts due to a trust company	<b>388,639</b>	388,639
Notes payable	<b>347,647</b>	323,891
Deposits from contractors and suppliers	<b>221,834</b>	204,441
Accrued payroll	<b>74,588</b>	103,236
Others	<b>279,939</b>	210,936
	<b>15,071,945</b>	10,947,247

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

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Within one year	<b>1,906,144</b>	1,765,614
Over one year	<b>1,881,853</b>	1,895,542
	<b>3,787,997</b>	3,661,156

Trade and other payables as at 30 June 2017 were mainly denominated in RMB (31 December 2016: same).

## 29 Financial guarantee

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Guarantee in respect of mortgage facilities for certain purchasers (note (a) and (b))	<b>14,609,602</b>	17,049,550
Guarantee provided for the borrowings of the joint ventures (note (b) and Note 31(d)(ii))	<b>628,960</b>	3,166,910
	<b>15,238,562</b>	20,216,460

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

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

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

### 30 Commitments

(a) Commitments for property development expenditures as at 30 June 2017 as follows:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Contracted but not provided for		
– Property development activities	<b>3,703,826</b>	4,446,705
– Land use rights	<b>7,041,405</b>	9,670,950
– Equity investment	<b>441,692</b>	526,500
	<b>11,186,923</b>	14,644,155

(b) Operating leases commitments – the Group as lessee

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

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
– Not later than one year	<b>15,506</b>	16,540
– Later than one year and not later than three years	<b>14,660</b>	23,983
	<b>30,166</b>	40,523



### 31 Related party transactions

- (a) Major related parties that had transactions during the six month ended 30 June 2017 with the Group are as follows:

Related parties	Relationship with the Group
Mr. Ou Zonghong (“Mr. Ou”)	Controlling Shareholder and director of the Company
Dingxin Company Limited (“Dingxin”)	Immediate parent company of the Company
Rongxin (Fujian) Property Management Co., Ltd. 融信(福建)物業管理有限公司	A company controlled by the Controlling Shareholder
Fujian Shiou Property Management Co., Ltd. 福建世歐物業管理有限公司	A company controlled by the Controlling Shareholder
Fuzhou Liboshuntai Property Development Co., Ltd. 福州利博順泰房地產開發有限公司	Joint Venture
Hairong (Zhangzhou) Property Co., Ltd. 海融(漳州)房地產有限公司	Joint Venture
Nanjing Kaijingsheng Property Development Co., Ltd. (“Nanjing Kaijingsheng”) 南京愷璟晟房地產開發有限公司	Joint Venture
Hangzhou Xincheng Property Co., Ltd. (“Hangzhou Xincheng”) 杭州信辰置業有限公司	Joint Venture
Hangzhou Zhongxu Property Co., Ltd. 杭州眾旭置業有限公司	Joint Venture
Hangzhou Ronghao Property Co., Ltd. (“Hangzhou Ronghao”) 杭州融浩置業有限公司	Joint Venture
Quzhou Rongsheng Property Co., Ltd. 衢州融晟置業有限公司	Joint Venture
Ningbo Fenghua Heduo Property Development Co., Ltd. 寧波奉化和都房地產開發有限公司	Joint Venture
Shangqiu Guanlong Property Co., Ltd. 商丘冠隆置業有限公司	Joint Venture

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

### 31 Related party transactions (continued)

#### (b) Key management compensation

Compensation for key management including directors is set out below:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Key management compensation:		
– Salaries and other employee benefits	<b>3,777</b>	3,701
– Pension costs	<b>110</b>	90
– Equity-settled share-based payment expenses	<b>9,390</b>	–
	<b>13,277</b>	3,791

#### (c) Balances with related parties

	<b>30 June</b>	31 December
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Amounts due from joint ventures:		
– Nanjing Kaijingsheng	<b>2,570,063</b>	–
– Hangzhou Ronghao Property Co., Ltd.	<b>474,010</b>	–
– Ningbo Fenghua Heduo Property Co., Ltd.	<b>177,038</b>	–
– Hangzhou Zhongxu Property Co., Ltd.	–	218,558
– Quzhou Rongsheng Property Co., Ltd.	<b>66,000</b>	–
– Hangzhou Xinchun	<b>63,292</b>	8,875
– Fuzhou Liboshuntai Property Development Co., Ltd.	<b>30,000</b>	–
– Shangqiu Guanlong Property Co., Ltd.	<b>10,146</b>	–
– Hairong (Zhangzhou) Property Co., Ltd.	<b>166</b>	1,668
	<b>3,390,715</b>	229,101

Amounts due from joint ventures as at 30 June 2017 mainly represent the cash advances which are unsecured, interest-free, receivable on demand and denominated in RMB.

## 31 Related party transactions (continued)

## (c) Balances with related parties (continued)

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Amounts due to joint venture:		
– Nanjing Kaijingsheng	—	1,377,681
Amounts due to other related parties:		
– Mr. Ou	<b>42,599</b>	85,998
– Fujian Shiou Property Management Co., Ltd.	<b>12,366</b>	9,967
– Rongxin (Fujian) Property Management Co., Ltd.	<b>670</b>	—
– Dingxin	<b>406</b>	491
	<b>56,041</b>	1,474,137

Amounts due to Mr. Ou and Dingxin as at 30 June 2017 mainly represent cash advances which are unsecured, interest-free, repayable on demand and denominated in RMB (31 December 2016: same).

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

### 31 Related party transactions (continued)

- (d) During the six months ended 30 June 2017, the Group had the following significant transactions with related parties.

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

- (i) Property management services provided by related parties:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
— Fujian Shiou Property Management Co., Ltd.	<b>17,658</b>	17,092
— Rongxin (Fujian) Property Management Co., Ltd.	<b>2,723</b>	181
	<b>20,381</b>	17,273

- (ii) As at 30 June 2017, the Group has provided guarantee to borrowings of its joint ventures, Shanghai Kaitai and Hangzhou Xinchun amounted to RMB166,910,000 and RMB62,050,000, respectively (31 December 2016: the Group has provided guarantee to borrowings of its joint ventures, Nanjing Kaijingsheng and Shanghai Kaitai amounted to RMB3,000,000,000 and RMB166,910,000 respectively). As at 30 June 2017, the Group has pledged its equity interests in Hangzhou Ronghao as guarantee for the borrowings of RMB400,000,000 of Hangzhou Ronghao (31 December 2016: nil).

### 32 Non-controlling interests individually material to the Group

Summary of financial information on subsidiaries with material non-controlling interests.

- (i) The non-controlling interests' shares of the net assets of subsidiaries are as follows:

	<b>30 June</b>	31 December
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
— Shanghai Kaiguanzhen Property Development Co., Ltd.	<b>2,746,677</b>	2,750,000
— Hemei (Shanghai) Property Development Co., Ltd.	<b>1,405,989</b>	1,372,350

### 32 Non-controlling interests individually material to the Group (continued)

- (ii) The non-controlling interests' shares of net profit/(loss) and total comprehensive income/(loss) of subsidiaries are as follows:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
– Shanghai Kaiguanzhen Property Development Co., Ltd.	<b>(3,323)</b>	Not applicable
– Hemei (Shanghai) Property Development Co., Ltd.	<b>33,639</b>	14,286

### 33 Subsequent events

- (a) On 27 July 2017, Shanghai Kaiyin Enterprise Co., Ltd. ("Kaiyin Enterprise"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Ningbo Hairao Investment Co., Ltd. ("Hairao Investment"), Mr. Feng Hailiang ("Mr. Feng"), Zhejiang Hailiang Investment Co., Ltd. ("Hailiang Investment"), Mr. Tang Lu ("Mr. Tang") and Zhejiang Hailiang Charity Foundation ("Hailiang Charity"), pursuant to which they agreed to sell and Kaiyin Enterprise agreed to purchase 55% equity interest in Ningbo Hailiang Property Investment Co., Ltd., being 30.2%, 16.9%, 4.7%, 2.1% and 1.1% equity interest held by Hairao Investment, Mr. Feng, Hailiang Investment, Mr. Tang and Hailiang Charity, respectively, at a total consideration of RMB2,264,024,000.

On 27 July 2017, Shanghai Rongen Property Development Co., Ltd. ("Shanghai Rongen"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Hairao Investment, pursuant to which Hairao Investment agreed to sell and Kaiyin Enterprise agreed to purchase 55% equity interest in Anhui Hailiang Property Co., Ltd. at a consideration of RMB632,500,000.

The Group is in the process of finalising the acquisition accounting for the above business combinations, consequently, relevant disclosure required by HKFRS 3, "Business Combination" is not available at the time when these interim condensed consolidated financial statements were authorised for issuance.

- (b) On 14 August 2017, the Group entered into an agreement with the creditor of a joint venture, pursuant to which, the Group agreed to provide guarantee for the borrowing of the joint venture amounted to RMB800,000,000.