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

2018
INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-executive Director

Shum Tin Ching *(Chairman)*

Executive Directors

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

Independent non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Wong Tak Yee, *FCS, FCIS*

AUTHORISED REPRESENTATIVES

Cheuk Hiu Nam
Wong Tak Yee

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS

As to Hong Kong law:
Mayer Brown

As to PRC law:
Jingtian & Gongcheng

As to Cayman Islands law:
Conyers Dill & Pearman

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Hang Seng Bank Limited
Wing Lung Bank Limited
Nanyang Commercial Bank
Shanghai Pudong Development Bank
Banco Tai Fung

REGISTERED OFFICE

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PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

HEADQUARTERS

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Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Xuanwu District
Nanjing
China

PRINCIPAL SHARE REGISTRAR

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

BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Investor Services Limited
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183 Queen's Road East
Hong Kong

WEBSITE

www.jiayuanintl.com

STOCK CODE

2768

COMPANY PROFILE

ABOUT JIAYUAN

Jiayuan International Group Limited (the "Company" and together with its subsidiaries, collectively as the "Group") (Stock Code: 2768) is an established property developer of large-scale residential and commercial complexes in various major cities in the People's Republic of China ("PRC"). As at 30 June 2018, the Group had a total land bank of approximately 9.8 million sq.m.

Adhering to the strategic goal of "expansion and strengthening" (「做大做強」), the Group explored the development of premium projects in major cities such as Hong Kong, Macau, Shenzhen, Shanghai and Nanjing, and focused on residential and commercial complex projects in cities with strong economic fundamentals, such as Yangzhou, Zhenjiang, Suzhou, Taizhou and Nantong. Benefited from the solid growth of the Chinese economy in recent years, the national disposable income has increased significantly. Coupled with the national policy of continuing urbanisation, the Group envisages that the demand for housing in first-tier cities and key provincial capital cities will remain robust while second-tier and third-tier cities will be developed into major economic and transportation hubs among neighbouring towns in the future, which will in turn keep driving the demand for residential and commercial properties.

The Group's residential and commercial complexes in cities with sizeable economies and populations have been or will be developed into mixed-use community centres. The Group strives to infuse the following key values into the developments:

(i) Education value: The Group believes that education is of paramount importance to customers as parents. Therefore, the Group focuses on selecting locations with relatively mature school nets or introducing and assisting in the construction of famous schools in its projects.

(ii) Leisure value: It is the Group's practice to spare a large portion of its land for the construction of European-style or Chinese-style landmarks, such as theme parks and plazas, aiming at enhancing the general impression of the properties and bringing quality living experience to our residents; and

(iii) Commercial value: The Group also develops community stores and shopping malls under its residential properties, providing a "one-stop" shopping experience to our customers and satisfying the daily needs of residents and citizens nearby.

FINANCIAL HIGHLIGHTS

The board (the "Board") of directors (the "Directors") of the Company is pleased to announce to the Group's shareholders the interim results of the Group for the six months ended 30 June 2018 (the "Reporting Period"), together with comparative figures for the corresponding period in 2017.

- The Group recorded unaudited contracted sales of approximately RMB7,357 million for the six months ended 30 June 2018 with a total sales area of approximately 719,416 sq.m., representing a period-on-period increase of approximately 90% and 54%, respectively.

- The Group's recognised revenue for the six months ended 30 June 2018 was approximately RMB4,130 million, representing an increase of approximately RMB1,222 million or 42% as compared to the corresponding period in 2017.

- The gross profit of the Group increased by approximately 35% to approximately RMB1,370 million and the gross profit margin was 33% for the six months ended 30 June 2018.

- The net profit of the Group for the six months ended 30 June 2018 amounted to approximately RMB979 million, representing an increase of approximately RMB457 million or 88% as compared to the corresponding period in 2017.

- The Group's basic earnings per share was RMB39.70 cents for the six months ended 30 June 2018, representing an increase of approximately 48% as compared with approximately RMB26.91 cents in the corresponding period in 2017.

- The bank balances and cash and restricted/pledged bank deposits of the Group as at 30 June 2018 were approximately RMB9,984 million, representing an increase of approximately 49% as compared with approximately RMB6,717 million as at 31 December 2017.

- Declared an interim dividend with scrip option of HK10 cents per share (for the six months ended 30 June 2017: Nil).

- On 8 March 2018, the Group and 貴州恒豐偉業房地產開發有限公司 (Guizhou Hengfeng Weiye Property Development Co., Ltd*) ("Guizhou Hengfeng") entered into the cooperation agreement, pursuant to which the parties agreed to form a joint venture company (the "Guiyang JV") on 61:39 basis for the purpose of investing into the shanty town redevelopment project (the "Guiyang Project") in respect of a parcel of land located at Nanming District, Guiyang City, Guizhou Province in the PRC. The contribution to the registered capital and the project capital of Guiyang JV by the Group shall be in an aggregate amount of RMB3,739,300,000. Currently, Guiyang JV has been established which is owned as to 61% and 39% by the Group and Guizhou Hengfeng respectively and it is accounted for as a non-wholly owned subsidiary of the Company.

- On 24 May 2018, the Group and Mr. Tang Shing Bor entered into the sale and purchase agreement, whereby the Group agreed to acquire 70.1% of the entire issued share capital of a target company, which indirectly holds (a) properties located at Nos. 1 and 3 San Hop Lane, Tuen Mun, New Territories, Hong Kong; (b) property located in Nos. 26–38 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong; and (c) property located in No. 2 Tsing Min Path, Tuen Mun, New Territories, Hong Kong, for a consideration of HK$2,620,256,684 subject to adjustment to the consideration.

- On 5 June 2018, the Group entered into the sale and purchase agreement with Mr. Shum Tin Ching ("Mr. Shum"), the chairman, the non-executive director and the ultimate controlling shareholder of the Company, pursuant to which the Group agreed to acquire project companies which will hold 90% equity interest in certain property development projects located in Shanghai of the PRC after reorganisation, for a consideration of HK$693,628,828.

* *For identification purpose only*

CHAIRMAN'S STATEMENT

Dear **Shareholders**,

Looking back in the first half of 2018, China's economy generally demonstrated a stably positive trend with a year-on-year GDP growth of 6.8%. With respect to property policies, the differentiated adjustment and control measures continued from last year have effectively suppressed irrational demands and resulted in more stable property prices. During the first half of 2018, the Group achieved outstanding performance in each of the operating indicators and the regional-focused development strategy delivered outstanding results.

Under this stable and orderly market environment, by precisely capturing the spillover of housing demand from first-tier cities and the house purchase demand in second-tier and third-tier cities, adopting flexible sales tactics and launching competitive products in a timely manner, the Group sustained a steady growth in sales. The Group is also actively devising its sales plan in certain key cities in the PRC and Hong Kong for the second half of 2018 and is confident in achieving its original annual sales target.

By leveraging on a solid foundation and an expanding development strategy, the Group started to deploy in key cities with strong growth potential within the metropolitan circle in first-tier and second-tier cities during the first half of 2018. The Group entered into new markets, including Hong Kong, Shanghai, Guangdong, Guiyang, Urumqi and Cambodia. The Group has currently achieved satisfactory development for the land reserves in the Guangdong-Hong Kong-Macau Bay Area, Yangtze River Delta region and key provincial capital cities as well as the countries and regions along the "Belt and Road" initiative, signifying a new milestone for the Group's international development.

PROSPECTS

The Group expects to see a steady and orderly property market in the second half of 2018 under the continuous stringent property control policies in the PRC. The accelerated integration of the property sector will present a good opportunity for project merger and acquisition in the second half of 2018. Against the backdrop of credit crunch and more intensive industrial concentration, the Group will get well prepared and make timely adjustment to its land acquisition strategy to acquire premium land reserves at a low premium and plan ahead for valuable lands in order to drive its performance growth in the future.

Looking forward to the second half of 2018, the Group will persist with its strategic goal of "expansion and strengthening" (「做大做強」) while actively taking opportunities for project merger and acquisition to increase its premium land reserves in a diversified manner and fully enhance its core competitiveness in each segment of the property value chain. The Group will continue to pursue a sustainable growth strategy with a view to creating shareholders' value.

Jiayuan International Group Limited
Shum Tin Ching
Chairman

Hong Kong, 27 August 2018

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Market review

Looking back in the first half of 2018, under the category-specific and city-specific adjustment and control measures of the central government, the growth of the national property market gradually slowed down, but the sales still hit record high time and again. During the Reporting Period, the investment in national property development increased by 9.7% year-on-year to RMB5.6 trillion. For commodity properties, the sales amount reached RMB6.7 trillion, representing an increase of 13.2% as compared to the same period last year, and the sold area was 770 million sq.m., representing an increase of 3.3% as compared to the same period last year[1]. The Group sustained a steady growth in sales by precisely capturing the home purchase demand in second-tier and third-tier cities and adopting proactive sales tactics in response to the regional coordinated development strategy of the PRC.

Outstanding Results Performance

During the first half of 2018, the Group persisted in its region-focused development strategy and achieved significant growth in its key performance indicators. For the six months ended 30 June 2018, the Group's revenue increased by approximately 42% to approximately RMB4.13 billion as compared to the same period in 2017. Profit attributable to the owners of the Company increased by approximately 89% to RMB970 million as compared to the same period in 2017, and the earnings per share amounted to approximately RMB39.70 cents.

Record High Contracted Sales

During the first half of 2018, despite tightening control policies imposed on the industry, the Group achieved good results by making timely adjustments to its sales strategy and quickening the recovery cycle in light of the specific conditions in different markets. For the six months ended 30 June 2018, the Group's contracted sales amounted to approximately RMB7.36 billion, representing a period-on-period increase of 90%, and the contracted sales area amounted to approximately 719,000 sq.m., representing a period-on-period increase of 54%. The average contracted sales reached RMB10,226 per sq.m., representing a period-on-period increase of 23%.

Continuous Expansion of Land Bank

During the first half of 2018, the Group ventured into certain key cities with high growth potentials and acquired 12 premium projects at a low premium in 8 regions, including Hong Kong, Guangdong, Shanghai, Taizhou, Changzhou, Guiyang, Urumqi and Cambodia, through project merger and acquisition, tender and bidding in the public market, joint development and so on. In terms of regional development strategy, the Group will strictly follow the "13th Five-Year Plan" of the PRC and maintain its focus on three main regions, namely the Guangdong-Hong Kong-Macau Bay Area, Yangtze River Delta Economic Zone and key provincial capital cities, as well as cities along the "Belt and Road" initiative.

Ever-increasing Management Capability

To meet the management needs arising from its regional plan and scale development, the Group further upgraded its internal management system through business management and controls, such as optimizing key products and projects and cost management, and enhancing the support for its strategic, human resources and financial functions. The Group quickened the project construction cycle by establishing a product value management system and a project progress management system. The Group was also dedicated in recruiting core talents and developing young managers in order to enhance the efficiency of its human capital and support the swift development of the Company.

Business Outlook

The Group will uphold a sound fiscal policy and risk management measures, ensure the construction quality and staff safety of its projects, accelerate the contracted sales and sales proceeds, and strictly control its various costs and expenses, so as to secure good performance of its operating cash flow and returns on investment. Meanwhile, the Group will replenish its premium land bank by adopting prudent and practical development strategies and devise investment portfolios to suit the different urbanization stages of the PRC in a timely manner with a view to capturing the different demands in the market.

1 (Source: National Bureau of Statistics of the PRC)

The following table sets out the breakdown of the Group's contracted sales, contracted total GFA and contracted average selling price ("ASP") by projects for the six months ended 30 June 2018 and 2017:

Project	Six months ended 30 June 2018			Six months ended 30 June 2017		
	Contracted Sales RMB (million) (unaudited)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)	Contracted sales RMB (million) (unaudited)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)
1. Nantong Jiayuan Metropolis 南通佳源都市	23	2,273	10,195	820	109,211	7,508
2. Nanjing Zijin Mansion 南京紫金華府	181	4,589	39,337	765	23,617	32,366
3. Yangzhou Jiayuan Centurial City 揚州佳源世紀天城	814	92,173	8,830	623	67,487	9,228
4. Taizhou Venice Metropolis 泰州威尼斯城	733	87,371	8,393	524	76,369	6,855
5. Zhenjiang Jiayuan Paris Metropolis 鎮江佳源巴黎都市	324	40,258	8,052	253	32,567	7,780
6. Taizhou Jiayuan Central Plaza 泰州佳源中心廣場	22	2,615	8,585	236	44,260	5,335
7. Suqian Rome Metropolis 宿遷羅馬都市	81	17,242	4,668	192	46,049	4,176
8. Suqian The Bund Number One 宿遷外灘壹號	346	46,845	7,377	–	–	–
9. Suzhou Jiayuan Metropolis (Harbourview) 蘇州佳源都市(海藝豪庭)	776	46,669	16,627	–	–	–
10. Yangzhou Jiayuan Westmount Villa 揚州佳源西峰玖墅	1,052	72,828	14,449	–	–	–
11. Yangzhou Centurial Honour Mansion 揚州世紀天城榮御府	1,001	110,822	9,030	–	–	–
12. Yangzhou Jiayuan Yurun Guifu 揚州佳源雨潤桂府	959	77,635	12,353	–	–	–
13. Yangzhou Jiayuan Yurun Huafu 揚州佳源雨潤華府	593	53,441	11,105	–	–	–
14. Others	452	64,655	6,988	460	66,994	6,871
Total	7,357	719,416	10,226	3,873	466,554	8,301

Property Projects

The Group retains the ownership of certain self-developed commercial properties to generate recurring income. As at 30 June 2018, the Group had investment properties with a total GFA of approximately 0.6 million sq.m.. Certain portions of these investment properties are located in the integrated commercial complexes developed by the Group, in which the Group will retain control over the central management of the shopping arcades in order to enable the Group to select tenants and determine industry composition. The Group's operational model for such integrated commercial complexes is to sell all of the residential properties and 50.0% of the commercial properties; and retain the ownership of 50.0% of the commercial properties for investment properties.

Investment Properties

The following table sets out a summary of the Group's investment properties (excluding car parks) as at 30 June 2018:

Project		Total GFA Held for Investment (sq.m.)	Leased GFA (sq.m.)	Total Rental Income For the six months ended 30 June Project	
				2018 (RMB million) (unaudited)	2017 (RMB million) (unaudited)
Yangzhou					
1.	Park Number One 公園一號	721	721	0.1	0.1
2.	Jiayuan Centurial Garden 世紀花園	8,653	8,653	0.4	0.6
3.	Jiayuan Centurial Scenery Park 佳源世紀景園	915	–	–	–
4.	Centurial Honour Mansion 世紀天城榮御府 (Note)	4,537	–	–	–
5.	Jiayuan Centurial City 佳源世紀天城 (Note)	127,002	–	–	–
6.	Jiayuan Yurun Guifu 佳源雨潤桂府	1,588	–	–	–
Taizhou					
7.	Jiayuan Central Plaza 佳源中心廣場	47,567	47,567	0.9	0.9
8.	Venice Metropolis 威尼斯城 (Note)	101,883	–	–	–
9.	Jiayuan New World 新天地	25,191	25,191	1.7	1.7
10.	Qiangxi Garden 羌溪花苑	2,772	2,772	0.3	0.3
11.	Jiayuan Mingfu 佳源名府	14,275	14,275	1.3	–
12.	Oriental Bright City 東方不夜城	34,419	34,419	2.9	2.9
13.	Quexiandao Number One 鵲仙島一號	10,428	10,028	1.2	1.2
14.	Guxi Jiayuan Central Plaza 古溪佳源中心廣場 (Note)	39,228	–	–	–
Suqian					
15.	Rome Metropolis 羅馬都市	43,886	37,534	1.6	1.6
Changzhou					
16.	Jiayuan Central Plaza 佳源中心廣場	49,777	49,777	2.2	–
Nanjing					
17.	Zijin Mansion 紫金華府	55,289	–	–	–
Total		568,131	230,937	12.6	9.3

Note: Part of the project is currently under construction.

Land Reserves

The following table sets out a summary of the Group's land reserves by projects as at 30 June 2018:

Project	Location	Status	Expected Completion Date	Project Type	Site Area (sq.m.)	Total GFA (sq.m.)	Ownership Interest %
Yangzhou							
1. Jiayuan Centurial City 佳源世紀天城	Jiangdu District, Yangzhou City, Jiangsu Province	Under development	2019 Q2	Mixed-use	**176,234**	561,819	100%
2. Centurial Honour Mansion 世紀天城榮御府	Jiangdu District, Yangzhou City, Jiangsu Province	Under development	2019 Q2	Mixed-use	**128,795**	496,147	100%
3. Jiayuan Westmount Villa 佳源西峰玖墅	Hanjiang District, Yangzhou City, Jiangsu Province	Under development	2019 Q2	Residential	**143,822**	225,966	70%
4. Jiayuan Centurial Villa 佳源世紀豪園	Jiangdu District, Yangzhou City, Jiangsu Province	Completed	–	Residential	**391,088**	1,803	100%
5. Jiayuan Centurial Garden 佳源世紀花園	Jiangdu District, Yangzhou City, Jiangsu Province	Completed	–	Residential	**234,671**	8,653	100%
6. Park Number One 公園一號	Guangling District, Yangzhou City, Jiangsu Province	Completed	–	Residential	**75,591**	721	100%
7. Jiayuan Centurial Scenery Park 佳源世紀景園	Jiangdu District, Yangzhou City, Jiangsu Province	Completed	–	Residential	**60,972**	915	100%
8. Jiayuan Yurun Guifu 佳源雨潤桂府	Guangling District, Yangzhou City, Jiangsu Province	Under development	2019 Q2	Residential	**119,973**	290,026	100%
9. Jiayuan Yurun Huafu 佳源雨潤華府	Guangling District, Yangzhou City, Jiangsu Province	Under development	2019 Q2	Residential	**91,722**	235,592	100%
Nanjing							
10. Zijin Mansion 紫金華府	Xuanwu District, Nanjing City, Jiangsu Province	Under development	2018 Q4	Residential	**339,008**	106,020	100%
Taizhou							
11. Youyou Huafu 優優華府	Urban area of Taixing City, Taizhou City, Jiangsu Province	Proposed for development	2022 Q4	Residential	**56,910**	141,645	100%
12. Venice Metropolis 威尼斯城	Urban area of Taixing City, Taizhou City, Jiangsu Province	Under development	2022 Q3	Residential	**660,576**	1,400,180	100%
13. Taixing Jiayuan Central Plaza 泰興佳源中心廣場	Huangqiao Town, Taixing City, Jiangsu Province	Under development	2018 Q4	Mixed-use	**81,887**	7,181	100%
14. Jiayuan Mingfu 佳源名府	Huangqiao Town, Taixing City, Jiangsu Province	Under development	2018 Q4	Mixed-use	**42,054**	13,483	100%
15. Jiayuan New World 新天地	Taixing City, Taizhou City, Jiangsu Province	Under development	2018 Q4	Mixed-use	**190,802**	291,665	100%
16. Qiangxi Garden 羌溪花苑	Taixing City, Taizhou City, Jiangsu Province	Under development	2018 Q4	Residential	**69,486**	5,846	100%
17. Guxi Jiayuan Central Plaza 古溪佳源中心廣場	Guxi Town, Taixing City, Jiangsu Province	Under development	2018 Q4	Mixed-use	**83,048**	148,347	100%
18. Oriental Bright City 東方不夜城	Jiangyan District, Taizhou City, Jiangsu Province	Completed	–	Residential	**77,021**	34,419	100%
19. Oriental Paris City 東方巴黎城	Jiangyan District, Taizhou City, Jiangsu Province	Under development	2018 Q4	Residential	**231,702**	69,515	100%
20. Quexiandao Number One 鵲仙島一號	Jiangyan Qinhu scenic area, Taizhou City, Jiangsu Province	Completed	–	Residential	**68,330**	10,028	100%
21. Jiayuan Central Plaza 佳源中心廣場	Qintong Town,Taizhou City, Jiangsu Province	Under development	2019 Q4	Mixed-use	**15,702**	15,702	100%

Project	Location	Status	Expected Completion Date	Project Type	Site Area (sq.m.)	Total GFA (sq.m.)	Ownership Interest %
Suzhou							
22. Jiayuan Metropolis (Harbourview) 佳源都市(海藝豪庭)	Taicang County, Suzhou City, Jiangsu Province	Under development	2018 Q4	Residential	**52,988**	168,118	100%
Suqian							
23. Elite International Garden 名人國際花園	Sucheng District, Suqian City, Jiangsu Province	Completed	–	Residential	**53,970**	389	90%
24. Park Number One 公園一號	Sucheng District, Suqian City, Jiangsu Province	Completed	–	Residential	**126,183**	33,206	90%
25. Paris Metropolis 巴黎都市	Siyang County, Suqian City, Jiangsu Province	Under development	2019 Q4	Residential	**220,520**	538,373	90%
26. Rome Metropolis 羅馬都市	Siyang County, Suqian City, Jiangsu Province	Under development	2020 Q4	Residential	**302,505**	713,336	100%
27. The Bund Number One 外灘一號	Siyang County, Suqian City, Jiangsu Province	Under development	2019 Q2	Residential	**83,991**	218,245	100%
Changzhou							
28. Jiayuan Central Plaza 佳源中心廣場	Xueyan Town, Changzhou City, Jiangsu Province	Completed	–	Mixed-use	**58,601**	50,508	100%
29. Junchen Fu 君宸府	Tianning District, Changzhou City, Jiangsu Province	Proposed for development	2020 Q4	Residential	**26,768**	77,075	50.5%
Nantong							
30. Jiayuan Metropolis 佳源都市	Tongzhou District, Nantong City, Jiangsu Province	Under development	2019 Q2	Residential	**198,434**	449,288	100%
Zhengjiang							
31. Jiayuan Paris Metropolis 佳源巴黎都市	Runzhou District, Zhenjiang City, Jiangsu Province	Under development	2019 Q2	Residential	**119,607**	266,382	100%
Shenzhen							
32. Shenzhen Dingxi 深圳鼎曦	Luohu District, Shenzhen, Guangdong Province	Proposed for development	2022 Q2	Mixed-use	**4,940**	40,790	100%
33. Shenzhen Songling 深圳松齡	Poan District, Shenzhen, Guangdong Province	Proposed for development	2020 Q2	Mixed-use	**4,281**	38,100	100%
Macau							
34. Macau Taipa 澳門氹仔	Taipa District, Macau	Proposed for development	2022 Q4	Residential	**5,597**	60,969	100%
Jiangmen							
35. Jiayuan Didu Hot Spring 佳源帝都溫泉山莊	Enping County, Jiangmen City, Guangdong Province	Proposed for development	2022 Q4	Residential	**553,336**	1,180,000	90%
Cambodia							
36. Cambodia, Phnom Penh 柬埔寨金邊	Chroy Changvar District, Phnom Penh, Cambodia	Proposed for development	2022 Q4	Residential	**608,140**	608,140	100%

Project	Location	Status	Expected Completion Date	Project Type	Site Area (sq.m.)	Total GFA (sq.m.)	Ownership Interest %
Urumqi							
37. Jiayuan Metropolis 佳源都市	Economic and Technological Development District, Urumqi City, Xinjiang	Proposed for development	2021 Q4	Residential	**74,000**	344,120	90%
Guiyang							
38. Heng Feng Jia Yuan 恒豐佳源	Nanming District, Guiyang City, Guizhou Province	Proposed for development	2023 Q1	Residential	**120,000**	856,375	61%
Hong Kong							
39. San Hop Lane 新合里	Nos.1 and 3 San Hop Lane, Tuen Mun, New Territories, Hong Kong	Under development	2018Q4	Mixed-use	**1,793**	26,437	70.1%
40. Success Centre 成功中心	Nos. 26–38 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong	Under development	2019Q4	Mixed-use	**1,394**	22,168	70.1%
41. T-plus 菁雋	Tseng Choi Street, Area 4, Tuen Mun, New Territories, Hong Kong	Under development	2019Q1	Residential	**2,202**	13,854	70.1%
Total					**5,958,644**	9,771,546	

FINANCIAL REVIEW

Operating Results

Revenue

Revenue of the Group mainly consists of revenue derived from (i) property development and (ii) property investment. For the six months ended 30 June 2018, revenue of the Group amounted to approximately RMB4,130 million, representing an increase of approximately 42% from approximately RMB2,908 million in the corresponding period in 2017. Profit and total comprehensive income for the period attributable to the owners of the Company for the six months ended 30 June 2018 was approximately RMB973 million, representing an increase of approximately 89% from approximately RMB515 million as compared to the corresponding period in 2017.

Property Development

The Group's revenue from property development included the sale of residential and commercial properties. The Group recognised revenue from the sale of properties when the significant risks and rewards of ownership have been transferred to the purchaser, i.e. when the relevant property has been completed and the possession of the property has been delivered to the purchaser. Revenue derived from property development increased by approximately 42% to approximately RMB4,114 million for the six months ended 30 June 2018 from approximately RMB2,897 million for the six months ended 30 June 2017. The increase was mainly due to the delivery of properties pre-sold under Jiayuan Centurial City in Yangzhou upon its completion in first half of 2018.

Property Investment

The Group's property investment mainly consisted of leasing of commercial properties (including predominantly shopping arcades, retail shops, office properties and carparks). Revenue generated from property investment increased by approximately 45% to approximately RMB16 million for the six months ended 30 June 2018 from approximately RMB11 million for the six months ended 30 June 2017. The increase was primarily due to an increase of monthly rental income generated from leasing contracts of the property investments during the period.

Gross Profit and Margin

Gross profit increased by approximately 35% to approximately RMB1,370 million for the six months ended 30 June 2018 from approximately RMB1,013 million in the corresponding period in 2017, while the Group's gross profit margin decreased to 33.2% for the six months ended 30 June 2018 as compared to the gross profit margin of 34.8% in the corresponding period in 2017. The decrease in gross profit margin was due to the lower construction cost incurred for the six months ended 30 June 2017.

Other Income, Gains and Losses

The Group had other income of approximately RMB95 million and other losses of approximately RMB205 million for the six months ended 30 June 2018, totalling approximately RMB110 million at a loss. The Group had other income of approximately RMB15 million and other gains of approximately RMB16 million for the six months ended 30 June 2017, totalling approximately RMB30 million at a gain. The significant change of other income, gains and losses was mainly attributable to foreign exchange loss of approximately RMB205 million for the six months ended 30 June 2018 from foreign exchange gain of approximately RMB16 million for the six months ended 30 June 2017, which was mainly as a result of the depreciation of RMB against USD that contributed to the appreciation of the value of the Group's USD-denominated senior notes.

Change in Fair Value of Investment Properties

The Group's change in fair value of investment properties increased to approximately RMB470 million for the six months ended 30 June 2018 from approximately RMB133 million for the six months ended 30 June 2017. The increase by approximately 253% was mainly due to the inclusion of new investment properties under construction in the first half of 2018 such as Venice Metropolis and Guxi Jiayuan Central Plaza in Taizhou.

Distribution and Selling Expenses

The distribution and selling expenses increased to approximately RMB94 million for the six months ended 30 June 2018 from approximately RMB58 million for the six months ended 30 June 2017. The increase by approximately 62% was mainly attributable to an increase in sales commission which was in line with the increase in sales for the six months ended 30 June 2018.

Administrative Expenses

The Group's administrative expenses increased by approximately 142% to approximately RMB121 million for the six months ended 30 June 2018 from approximately RMB50 million for the six months ended 30 June 2017, which was mainly attributable to the increase of staff salaries and allowances resulting from the expansion of operation scale of the Group.

Finance Costs

The Group's finance costs increased to approximately RMB67 million for the six months ended 30 June 2018 from approximately RMB43 million for the six months ended 30 June 2017. The increase in finance cost of approximately 56% was attributable to the increase in senior notes issued. The effect was partially offset by the decrease of the average borrowing rate for the six months ended 30 June 2018.

Income Tax Expense

The Group's income tax expense decreased to approximately RMB489 million for the six months ended 30 June 2018 from approximately RMB502 million for the six months ended 30 June 2017. The Group's income tax expense included payments and provisions made for EIT and LAT less deferred taxation during the Reporting Period. The decrease by approximately 3% was due to the decrease in LAT and the effect was partially offset by the increase in deferred tax expense for the six months ended 30 June 2018.

Profit and Total Comprehensive Income attributable to Owners of the Company

Profit and total comprehensive income attributable to owners of the Company increased by approximately 89% to approximately RMB973 million for the six months ended 30 June 2018 from approximately RMB515 million for the six months ended 30 June 2017 which was in line with the expansion of the Group's operation in 2018.

Liquidity, Financial and Capital Resources

Cash Position

As at 30 June 2018, the Group had an aggregate of pledged/restricted bank deposits and bank balances and cash of approximately RMB9,984 million (as at 31 December 2017: approximately RMB6,717 million), representing an increase of approximately 49% as compared to that as at 31 December 2017. As at 30 June 2018, bank deposits of approximately RMB502 million (as at 31 December 2017: approximately RMB838 million) were pledged to secure bank borrowings raised by the Group.

The Group had restricted bank deposits of approximately RMB835 million as at 30 June 2018 (as at 31 December 2017: approximately RMB137 million) that were restricted for use in specific property development projects.

Borrowings and the Group's Pledged Assets

As at 30 June 2018, the Group had bank and other borrowings of approximately RMB9,950 million (as at 31 December 2017: approximately RMB10,924 million). Amongst the borrowings, approximately RMB3,330 million (as at 31 December 2017: approximately RMB3,233 million) will be repayable within one year and approximately RMB6,620 million (as at 31 December 2017: approximately RMB7,691 million) will be repayable after one year.

As at 30 June 2018, bank and other borrowings of approximately RMB9,950 million (as at 31 December 2017: approximately RMB10,924 million) were secured by bank balances, land use rights and properties of the Group. As at 30 June 2018, the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB16,850 million (as at 31 December 2017: approximately RMB16,832 million).

Senior Notes

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

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

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

In October 2017, the Company issued senior secured notes with a principal amount of US$160,000,000 due in 2018 (the "October 2018 Senior Notes"). The October 2018 Senior Notes, bearing interest at a fixed rate of 8.0% per annum with interest payable semi-annually in arrears, will mature in October 2018.

In November 2017, the Company issued senior secured notes with a principal amount of US$300,000,000 due in 2018 (the "November 2018 Senior Notes") which are listed on the Stock Exchange (Stock Code: 5016). The November 2018 Senior Notes, bearing interest at a fixed rate of 8.25% per annum with interest payable semi-annually in arrears, will mature in November 2018.

In January 2018, the Company issued senior secured notes with a principal amount of US$250,000,000 due in January 2019 (the "January 2019 Senior Notes") which are listed on the Stock Exchange (Stock Code: 5088). The January 2019 Senior Notes, bearing interest at a fixed rate of 8.125% per annum with interest payable semi-annually in arrears, will mature in January 2019.

In April 2018, the Company issued senior secured notes with a principal amount of US$100,000,000 due in January 2019 (to be consolidated with and form a single series with the US$250,000,000 8.125% January 2019 Senior Notes issued in January 2018) (the "April 2019 Senior Notes") which are listed on the Stock Exchange (Stock Code: 5088). The April 2019 Senior Notes, bearing interest at a fixed rate of 8.125% per annum with interest payable semi-annually in arrears, will mature in January 2019.

Net Gearing Ratio

The net gearing ratio of the Group improved significantly as at 30 June 2018, the ratio dropped significantly to 85% as at 30 June 2018 from 126% as at 31 December 2017. The net gearing ratio was measured by net debt (bank and other borrowings and senior notes as mentioned above net of bank balances and cash and pledged/restricted bank deposits) over the total equity.

Exchange Rate Risk

The Group mainly operates its business in China. Other than the foreign currency denominated bank deposits, deposits paid for a life insurance policy, borrowings and senior notes, the Group does not have any other material direct exposure to foreign exchange fluctuations. During the six months ended 30 June 2018, though RMB depreciated against U.S. dollar and Hong Kong dollar, the Directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

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

Commitments

As at 30 June 2018, the Group had committed payment for the construction and land development expenditure amounting to approximately RMB2,931 million (as at 31 December 2017: approximately RMB3,474 million).

Contingent Liabilities

As at 30 June 2018, the Group had provided guarantees amounting to approximately RMB4,802 million (as at 31 December 2017: approximately RMB4,587 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee will be released upon the purchaser obtaining the relevant building ownership certificate and completion of the relevant mortgage registration. In the opinion of the Directors, no provision for the guarantee contracts was recognised in the financial statements for the six months ended 30 June 2018 as the possibility of default by the purchasers of the Group's properties is remote.

Material Acquisitions and Disposals

On 8 March 2018, the Group and Guizhou Hengfeng entered into the cooperation agreement, pursuant to which the parties agreed to (a) form a joint venture company on 61:39 basis for the purpose of investing into the shanty town redevelopment project in respect of a parcel of land located at Nanming District, Guiyang City, Guizhou Province in the PRC, and (b) regulate their respective rights and obligations in Guiyang JV. The contribution to the registered capital and the project capital of Guiyang JV by the Group shall be in an aggregate amount of RMB3,739,300,000. Currently, Guiyang JV has been established which is owned as to 61% and 39% by the Group and Guizhou Hengfeng respectively and it is accounted for as a non-wholly owned subsidiary of the Company. The Guiyang JV is principally engaged in acquisition of the target land, project financing, investment, development and sale of the Guiyang Project. Please refer to the Company's announcement dated 8 March 2018 for further details.

On 24 May 2018, the Group and Mr. Tang Shing Bor entered into the sale and purchase agreement, whereby the Group agreed to acquire 70.1% of the entire issued share capital of a target company, which indirectly holds (a) properties located at Nos. 1 and 3 San Hop Lane, Tuen Mun, New Territories, Hong Kong; (b) property located in Nos. 26–38 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong; and (c) property located in No. 2 Tsing Min Path, Tuen Mun, New Territories, Hong Kong, for a consideration of HK$2,620,256,684 subject to adjustment to the consideration. Please refer to the Company's announcement dated 24 May 2018 for further details.

On 5 June 2018, the Group entered into the sale and purchase agreement with Mr. Shum, pursuant to which the Group agreed to acquire project companies which will hold 90% equity interest in certain property development projects located in Shanghai of the PRC after reorganisation, for a consideration of HK$693,628,828. As at the date of this interim report, certain conditions precedent to the closing have not been completed yet. Details of the transaction are set out in the circular of the Company dated 26 July 2018. It is currently expected that the closing of the transaction will take place by end of September 2018.

Save as disclosed above, the Group did not have any material acquisitions and disposals during the six months ended 30 June 2018.

Future Plans for Material Investments

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

Employees, Remuneration Policies and Share Option Scheme

As at 30 June 2018, the Group had 504 employees (as at 30 June 2017: 430 employees). For the six months ended 30 June 2018, the Group incurred employee costs of approximately RMB37.0 million (for the six months ended 30 June 2017: approximately RMB26.6 million). Remuneration for the employees generally includes salary and performance-based bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans, including pension insurance, medical insurance and personal injury insurance. The Company adopted a share option scheme on 12 February 2016 as incentive for eligible employees.

Use of Proceeds

The following table sets out the utilisation and breakdown of the actual use of the net proceeds for the Group's first placing and subscription which was announced on 6 June 2017 (the "First Placing and Subscription") and second placing and subscription which was announced on 18 December 2017 (the "Second Placing and Subscription"), respectively, as at 30 June 2018:

Date of announcement	Fund raising activity	Date of completion	Net proceeds raised	Intended use of the net proceeds as disclosed in the announcement	Actual use of the net proceeds as of 27 March 2018 (being the date of the 2017 Annual Report)	Actual utilisation as at 30 June 2018
6 June 2017	First Placing and Subscription	9 June 2017 and 19 June 2017	Approximately HK$1,166.5 million	Acquisition of land bank and general working capital.	Approximately HK$1,166.5 million was used for acquisition of land bank, namely, the Macau Land as disclosed in the announcement of the Company dated 6 September 2017.	All net proceeds were utilized in accordance with the intended uses of the net proceeds as disclosed in the announcement.
18 December 2017	Second Placing and Subscription	27 December 2017 and 28 December 2017	Approximately HK$1,399.8 million	Acquisition of land bank and general working capital.	Approximately HK$111.1 million was used for acquisition of land bank, namely, a parcel of land in Jiangmen, PRC in March 2018.	The Unutilised Portions in the amount of approximately HK$1,216.3 million were used subsequent to 27 March 2018 in the following manners:
					Approximately HK$67.8 million was used for interest payments by the Group in respect of its bank borrowings and debt securities.	Approximately HK$601.2 million was used for acquisition of land bank in Hong Kong, as disclosed in the announcement of the Company dated 24 May 2018.
					Approximately HK$4.6 million was used as general working capital of the Group.	Approximately HK$279.3 million was used for acquisition of land bank, namely, parcels of land in Cambodia, as disclosed in the announcement of the Company dated 10 May 2018.
					Approximately HK$1,216.3 million remained unutilized (the "Unutilised Portions"), which was placed with licensed banks in Hong Kong.	Approximately HK$122.7 million was used for acquisition of land bank, namely, a parcel of land in Jiangmen, PRC in March 2018.

Date of announcement	Fund raising activity	Date of completion	Net proceeds raised	Intended use of the net proceeds as disclosed in the announcement	Actual use of the net proceeds as of 27 March 2018 (being the date of the 2017 Annual Report)	Actual utilisation as at 30 June 2018
						Approximately HK$156.0 million was used for interest payments by the Group in respect of its bank borrowings and debt securities Approximately HK$57.1 million was used for capital contribution to the Group's PRC companies as investment or further investment. All net proceeds were utilized in accordance with the intended uses of the net proceeds as disclosed in the announcement.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

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

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

The Company has complied with all the code provisions as set out in the CG Code for the six months ended 30 June 2018.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions by directors and employees who are likely to be in possession of unpublished inside information of the Company (the "Code of Conduct") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

The Company, after making specific inquiries to all Directors, confirmed that all of them have complied with the required standards in the Model Code and the Code of Conduct throughout the six months ended 30 June 2018.

CHANGES IN INFORMATION IN RESPECT OF DIRECTOR

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Director since the date of the 2017 annual report up to the date of this interim report are set out below:

Mr. Tai Kwok Leung, Alexander was appointed as an independent non-executive director and a member of each of the remuneration committee and audit committee of AAG Energy Holdings Limited (Stock Code: 2686) (listed on the Main Board of the Stock Exchange) on 24 August 2018.

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

REVIEW OF CONSOLIDATED FINANCIAL INFORMATION

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited consolidated interim results of the Group for the six months ended 30 June 2018.

The consolidated interim financial statements of the Group for the six months ended 30 June 2018 have not been audited but have been reviewed by the Company's independent auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

INTERIM DIVIDEND

The Board is committed to maintaining a stable dividend policy to ensure sustainable and steady returns for shareholders. After considering the composition of the profit and cash flows of the Group, the Board has declared an interim dividend of HK10 cents per share for the six months ended 30 June 2018 (for the six months ended 30 June 2017: Nil), representing a dividend payout ratio of approximately 22%.

The Board has resolved that the interim dividend be satisfied wholly in the form of an allotment of scrip shares. Shareholders will be given the option of receiving the interim dividend wholly in cash in lieu of such allotment, or partly in cash and partly in the form of scrip shares (the "Scrip Dividend Scheme"). The Scrip Dividend Scheme is subject to the granting the listing of and permission to deal in the new shares to be issued pursuant thereto by the Stock Exchange.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the interim dividend, the register of members of the Company will be closed on the following dates:

Latest time to lodge transfers	:	4:30 p.m. on Tuesday, 11 September 2018
Book closure dates	:	Wednesday, 12 September 2018 to Thursday, 13 September 2018 (both days inclusive)
Record date	:	Thursday, 13 September 2018
Payment date of the interim dividend	:	on or about Wednesday, 31 October 2018

To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

SHARE OPTION SCHEME

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

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

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

The maximum number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Company) to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 180,000,000 Shares, being 10% of the Shares in issue as at 8 March 2016, the date of the Company's Shares being listed on the Main Board of the Stock Exchange (the "Listing Date"). No share options had been granted by the Company under the Share Option Scheme up to 30 June 2018. Therefore, the number of Shares available for issue is 180,000,000 Shares, being approximately 7.3% of the Shares in issue as at the date of this interim report.

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of options in excess of the 1% limit shall be subject to shareholders' approval in general meeting with such participant and his associates abstaining from voting.

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

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

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

As at 30 June 2018, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Interest in Shares of the Company

Name of Director	Nature of interest	Number of Shares or securities held[1]	Percentage of interest in the Company[5]
Mr. Shum Tin Ching[2]	Interest of a controlled corporation	1,350,000,000[3] Shares (L)	55.06%
	Beneficial owner	19,566,400[4] Shares (L)	0.80%
	Interest of a controlled corporation	600,000,000[3] Shares (S)	24.47%

Notes:

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

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

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

(4) The disclosed interest represents an interest in 19,566,400 Shares to be allotted and issued by the Company to Mr. Shum Tin Ching or his nominee(s) under the sale and purchase agreement entered between Mr. Shum Tin Ching and the Company on 5 June 2018.

(5) As at 30 June 2018, the total number of issued shares of the Company was 2,452,000,000.

(b) Interest in shares of Mingyuan Investment

Name of Director	Nature of interest	Number of shares or securities held[1]	Percentage of shareholding
Mr. Shum Tin Ching	Beneficial owner	150,000 shares (L)	100%

Note:

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

Save as disclosed above, as at 30 June 2018, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

So far as the Directors are aware as of 30 June 2018, the following persons (other than the Directors or the chief executive of the Company) had the following Interests or short positions in the Shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Substantial Shareholder	Nature of interest	Number of Shares or securities held[1]	Percentage of interest in the Company[9]
Ms. Wang Xinmei[2]	Interest of spouse	1,369,566,400[4] Shares (L)	55.86%
	Interest of spouse	600,000,000[4] Shares (S)	24.47%
Mingyuan Investment[3]	Beneficial owner	1,350,000,000[4] Shares (L)	55.06%
	Beneficial owner	600,000,000[4] Shares (S)	24.47%
CCB International Overseas Limited[5],[7]	Person having a security interest in shares	600,000,000[4] Shares (L)	24.47%
Design Time Limited[6]	Beneficial owner	19,200,000 Shares (L)	0.78%
CCBI Investments Limited[6]	Interest of a controlled corporation	19,200,000 Shares (L)	0.78%
CCB International (Holdings) Limited[5],[6],[7]	Person having a security interest in shares	600,000,000[4] Shares (L)	24.47%
	Interest of a controlled corporation	19,200,000 Shares (L)	0.78%
CCB Financial Holdings Limited[5],[6],[7]	Person having a security interest in shares	600,000,000[4] Shares (L)	24.47%
	Interest of a controlled corporation	19,200,000 Shares (L)	0.78%
CCB International Group Holdings Limited[5],[6],[7]	Person having a security interest in shares	600,000,000[4] Shares (L)	24.47%
	Interest of a controlled corporation	19,200,000 Shares (L)	0.78%
China Construction Bank Corporation[5],[6],[7]	Person having a security interest in shares	600,000,000[4] Shares (L)	24.47%
	Interest of a controlled corporation	19,200,000 Shares (L)	0.78%
Central Huijin Investment Ltd.[5],[6],[7]	Person having a security interest in shares	600,000,000[4] Shares (L)	24.47%
	Interest of a controlled corporation	19,200,000 Shares (L)	0.78%

Name of Substantial Shareholder	Nature of interest	Number of Shares or securities held(1)	Percentage of interest in the Company(9)
China Orient Asset Management Co., Ltd.	Interest of a controlled corporation	142,100,000(8) Shares (L)	5.80%
China Orient Asset Management (International) Holding Limited	Beneficial owner	142,100,000(8) Shares (L)	5.80%
Wise Leader Assets Ltd.	Interest of a controlled corporation	142,100,000(8) Shares (L)	5.80%
Dong Yin Development (Holdings) Limited	Interest of a controlled corporation	142,100,000(8) Shares (L)	5.80%

Notes:

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

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

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

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

(5) Based on the public records, these security interest in shares are held by CCB International Overseas Limited, which is a wholly-owned subsidiary of CCB International (Holdings) Limited.

(6) Design Time Limited is a wholly-owned subsidiary of CCBI Investments Limited, which is a wholly-owned subsidiary of CCB International (Holdings) Limited.

(7) CCB International (Holdings) Limited is a wholly-owned subsidiary of CCB Financial Holdings Limited, which is in turn a wholly-owned subsidiary of CCB International Group Holdings Limited. CCB International Group Holdings Limited is a wholly-owned subsidiary of China Construction Bank Corporation, which is owned as to 57.11% by Central Huijin Investment Ltd..

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

(9) As at 30 June 2018, the total number of issued shares of the Company was 2,452,000,000.

Save as disclosed above, as at 30 June 2018, the Directors were not aware of any person who had an interest or short position in the Shares and the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte. 德勤

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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Jiayuan International Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 60, which comprise the condensed consolidated statement of financial position as of 30 June 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

27 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended 30 June 2018

	NOTES	Six months ended 30 June 2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Revenue	3A	**4,129,866**	2,907,794
Cost of sales		**(2,759,528)**	(1,895,156)
Gross profit		**1,370,338**	1,012,638
Other income	4	**95,205**	14,824
Other gains and losses	4	**(205,253)**	15,619
Change in fair value of investment properties		**470,003**	132,969
Fair value gain on financial assets at fair value through profit or loss		**20,051**	–
Distribution and selling expenses		**(93,823)**	(58,450)
Administrative expenses		**(121,261)**	(49,687)
Other expenses		**(1,625)**	(383)
Finance costs	5	**(66,821)**	(43,219)
Share of results of an associate		**1,058**	(1)
Profit before taxation		**1,467,872**	1,024,310
Income tax expense	6	**(488,899)**	(502,268)
Profit and total comprehensive income for the period	7	**978,973**	522,042
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**973,472**	515,034
Non-controlling interests		**5,501**	7,008
		978,973	522,042
Earnings per share			
Basic (RMB cents)	9	**39.70**	26.91

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	NOTES	30.6.2018 RMB'000 (unaudited)	31.12.2017 RMB'000 (audited)
NON-CURRENT ASSETS			
Investment properties	10	**4,619,505**	3,306,142
Property and equipment	11	**110,381**	85,268
Interest in an associate		**31,656**	15,598
Available-for-sale investment	12	**–**	59,678
Prepayment and deposit paid for a life insurance policy		**–**	9,444
Financial assets at fair value through profit or loss	13	**77,943**	–
Deposits paid for acquisition of subsidiaries	14	**1,961,378**	1,524,053
Deferred tax assets		**358,382**	359,992
		7,159,245	5,360,175
CURRENT ASSETS			
Inventories of properties			
– held for sale		**671,988**	741,992
– under development		**17,909,876**	17,622,382
Financial assets at fair value through profit or loss	13	**584,546**	–
Trade and other receivables, deposits and prepayments	15	**2,173,464**	2,117,135
Prepaid income tax		**237,730**	237,146
Amounts due from related parties	25(e)	**4,500**	–
Restricted/pledged bank deposits		**1,397,993**	1,001,427
Bank balances and cash		**8,586,341**	5,715,274
		31,566,438	27,435,356
CURRENT LIABILITIES			
Trade and other payables and accrued expenses	16	**3,931,746**	1,735,640
Pre-sale deposits received		**7,649,316**	6,358,397
Tax payable		**1,220,573**	1,559,516
Amounts due to related parties	25(e)	**11,000**	6,576
Bank and other borrowings	17	**3,329,922**	3,233,346
Senior notes	18	**6,796,642**	3,681,736
		22,939,199	16,575,211
NET CURRENT ASSETS		**8,627,239**	10,860,145
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,786,484**	16,220,320

	NOTES	**30.6.2018 RMB'000 (unaudited)**	31.12.2017 RMB'000 (audited)
CAPITAL AND RESERVES			
Share capital	*19*	**20,564**	20,564
Reserves		**7,728,487**	6,755,015
Equity attributable to owners of the Company		**7,749,051**	6,775,579
Non-controlling interests		**223,208**	24,907
TOTAL EQUITY		**7,972,259**	6,800,486
NON-CURRENT LIABILITIES			
Bank and other borrowings	*17*	**6,619,849**	7,690,605
Deferred income	*16*	**690,093**	693,230
Deferred tax liabilities		**504,283**	386,783
Senior notes	*18*	**–**	649,216
		7,814,225	9,419,834
		15,786,484	16,220,320

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2018

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Investment revaluation reserve RMB'000	Statutory surplus reserve RMB'000 (Note i)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2017 (audited)	15,558	1,020,394	196,843	–	48,690	1,925,825	3,207,310	107,942	3,315,252
Profit and total comprehensive income for the period	–	–	–	–	–	515,034	515,034	7,008	522,042
Placing and subscription of shares	3,067	1,014,159	–	–	–	–	1,017,226	–	1,017,226
Acquisition of additional interest in a subsidiary from a non-controlling shareholder *(Note ii)*	–	–	81,822	–	–	–	81,822	(89,270)	(7,448)
At 30 June 2017 (unaudited)	18,625	2,034,553	278,665	–	48,690	2,440,859	4,821,392	25,680	4,847,072
At 31 December 2017 (audited)	20,564	3,216,102	278,665	1,656	212,955	3,045,637	6,775,579	24,907	6,800,486
Adjustment *(see note 2.2.2)*	–	–	–	(1,656)	–	1,656	–	–	–
At 1 January 2018 (restated)	20,564	3,216,102	278,665	–	212,955	3,047,293	6,775,579	24,907	6,800,486
Profit and total comprehensive income for the period	–	–	–	–	–	973,472	973,472	5,501	978,973
Acquisition of subsidiaries *(Note 20)*	–	–	–	–	–	–	–	192,800	192,800
At 30 June 2018 (unaudited)	20,564	3,216,102	278,665	–	212,955	4,020,765	7,749,051	223,208	7,972,259

Notes:

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended 30 June 2018

	NOTE	Six months ended 30 June	
		2018 **RMB'000** **(unaudited)**	2017 RMB'000 (unaudited)
NET CASH FROM OPERATING ACTIVITIES		**6,145,653**	745,823
INVESTING ACTIVITIES			
Deposits paid for trust financing arrangements		**(228,906)**	–
Refund from trust financing arrangements		**5,501**	–
Additions of property and equipment		**(3,414)**	(2,028)
Proceeds from disposal of property and equipment		**–**	104
Additions of investment properties		**(843,360)**	(230,682)
Interest received		**15,887**	2,126
Deposits paid for acquisition of subsidiaries		**(537,325)**	(350,000)
Acquisition of subsidiaries	*20*	**(1,296,930)**	(29,741)
Capital injection to an associate		**(15,000)**	(15,000)
Placement of restricted/pledged bank deposits		**(1,539,398)**	(819,243)
Withdrawal of restricted/pledged bank deposits		**1,142,832**	528,695
Purchase of financial assets at fair value through profit or loss		**(569,131)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(3,869,244)**	(915,769)
FINANCING ACTIVITIES			
Proceeds from borrowings		**243,460**	2,800,851
Repayment of borrowings		**(1,245,000)**	(2,328,370)
Interest paid		**(619,089)**	(361,021)
Proceeds from placing and subscription of shares		**–**	1,017,226
Proceeds from issuance of senior notes		**2,532,846**	679,200
Repayment of senior notes		**(317,559)**	–
NET CASH FROM FINANCING ACTIVITIES		**594,658**	1,807,886
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,871,067**	1,637,940
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**5,715,274**	977,653
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, representing bank balances and cash		**8,586,341**	2,615,593

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

Application of new and amendments to HKFRSs

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

The Group has early applied the amendments to HKAS 40 Transfers of Investment Property in the preparation of the Group's consolidated financial statements for the year ended 31 December 2017. The above new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

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

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the following major sources:

- Property development for sale
- Property investment (not within the scope of HKFRS 15)

Revenue from leasing of investment properties will continue to be accounted for in accordance with HKAS 17 Leases, whereas revenue from other sources will be accounted for under HKFRS 15.

2. PRINCIPAL ACCOUNTING POLICIES – CONTINUED

2.1 Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers* – continued

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

2.1.1Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

2. PRINCIPAL ACCOUNTING POLICIES – CONTINUED

2.1 Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers* – continued

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 – continued

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Revenue from properties developed for sale is recognised at a point in time when the customer obtains the control of the completed properties, which is the completed property stated in the sale and purchase agreement being delivered.

Amounts received prior to meeting the above criteria for revenue recognition are contracts liabilities and presented as pre-sale deposits received in the condensed consolidated statement of financial position.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting significant financing component.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions and stamp duty paid/payable) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Taking into account the changes in accounting policy arising from initial application of HKFRS 15, the directors of the Company considered that the initial application of HKFRS 15 has no material impact to the condensed consolidated financial statements of the Group.

2. PRINCIPAL ACCOUNTING POLICIES – CONTINUED

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and the related amendments

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) expected credit losses ("ECL") for financial assets; and (iii) general hedge accounting.

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

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

2.2.1Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

2. PRINCIPAL ACCOUNTING POLICIES – CONTINUED

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and the related amendments – continued

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 – continued

Financial assets at FVTPL – continued

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in Note 2.2.2.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, other receivables, other deposits, restricted/pledge bank deposits and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2. PRINCIPAL ACCOUNTING POLICIES – CONTINUED

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and the related amendments – continued

2.2.1Key changes in accounting policies resulting from application of HKFRS 9 – continued

Significant increase in credit risk – continued

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the a foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. PRINCIPAL ACCOUNTING POLICIES – CONTINUED

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and the related amendments – continued

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 – continued

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a rental receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the rental receivable in accordance with HKAS 17 Leases.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets and trade receivables for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed in Note 2.2.2.

2. PRINCIPAL ACCOUNTING POLICIES – CONTINUED

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and the related amendments – continued

2.2.2 Summary of effects arising from initial application of HKFRS 9

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

	Notes	Available for-sale investment RMB'000	Financial assets at FVTPL RMB'000	Prepayment and deposit paid for a life insurance policy RMB'000	Investment revaluation reserve RMB'000	Retained earnings RMB'000
Closing balance at 31 December 2017 - HKAS 39	*(a), (b)*	59,678	–	9,444	1,656	–
Effect arising from initial application of HKFRS 9:						
Reclassification						
From available-for-sale investment	*(a)*	(59,678)	59,678	–	(1,656)	1,656
From loans and receivables	*(b)*	–	9,444	(9,444)	–	–
Opening balance at 1 January 2018		–	69,122	–	–	1,656

(a) *Available-for-sale investments*

From AFS debt investment to FVTPL

Debt instrument with a fair value of RMB59,678,000 was reclassified from available-for-sale investments to financial assets at FVTPL. This is because even though the Group's business model is to hold financial assets in order to collect contractual cash flows, the cash flows of these investments do not meet the HKFRS 9 criteria as solely payments of principal and interest on the principal amount outstanding. Related fair value gain of RMB1,656,000 was transferred from the investment revaluation reserve to retained earnings as at 1 January 2018.

(b) *Loans and receivables*

From amortised costs to FVTPL

Deposit paid for a life insurance policy of RMB9,444,000 previously classified as loans and receivables was reclassified to FVTPL upon the application of HKFRS 9 because its cash flows do not represent solely payments of principal and interest on the principal amount outstanding.

2. PRINCIPAL ACCOUNTING POLICIES – CONTINUED

2.2 Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments and the related amendments* – continued

2.2.2 Summary of effects arising from initial application of HKFRS 9 – continued

(c) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost mainly comprise of other deposits, other receivables, restricted/pledged bank deposits and bank balances are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

The application of the HKFRS 9 has no significant impact on the provision of impairment of financial assets in the current interim period and retained earnings at 1 January 2018.

3A. REVENUE

	Six months ended 30 June 2018 RMB'000 (unaudited)
Types of goods or services	
Sales of properties *(Note)*	4,113,596
Property rental	16,270
Total	4,129,866

Note: Disaggregation of revenue from contracts with customers.

	Six months ended 30 June 2018 RMB'000 (unaudited)
Geographical markets	
Changzhou	118,936
Taizhou	631,044
Yangzhou	2,786,559
Nantong	439,084
Zhenjiang	137,973
	4,113,596
Timing of revenue recognition	
A point of time	4,113,596

3B. SEGMENT INFORMATION

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

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

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

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

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

No segment revenue and results are presented for the provision of development services as there is no revenue generated and expenses incurred for this segment during the six months periods ended 30 June 2018 and 2017. The Group would continue to engage in the provision of development services in the future.

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

Information regarding the above segments is reported below.

3B. SEGMENT INFORMATION – CONTINUED

Segment revenue and results

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

	Segment revenue Six months ended 30 June		Segment profit Six months ended 30 June	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)	**2018 RMB'000 (unaudited)**	2017 RMB'000 (unaudited)
Property development	**4,113,596**	2,896,531	**1,156,417**	904,975
Property investment	**16,270**	11,263	**16,270**	11,263
Total	**4,129,866**	2,907,794	**1,172,687**	916,238
Other gains and losses			**(205,253)**	15,619
Interest income			**90,680**	12,723
Central administration costs			**(14,533)**	(10,019)
Change in fair value of investment properties			**470,003**	132,969
Fair value gain on financial assets at fair value through profit or loss			**20,051**	–
Finance costs			**(66,821)**	(43,219)
Share of results of an associate			**1,058**	(1)
Profit before taxation			**1,467,872**	1,024,310

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs, other gains and losses, interest income, change in fair value of investment properties, fair value gain on financial assets at fair value through profit or loss, finance costs and share of results of an associate. This is the measure reported to the chief operating decision maker, for the purposes of resources allocation and performance assessment.

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

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Other income		
Interest income on bank deposits	**15,887**	2,126
Interest income on financial assets at fair value through profit or loss	**3,043**	–
Interest income on loans receivables	**71,750**	–
Interest income on available-for-sale investment	**–**	7,491
Interest income on held-to-maturity investment	**–**	3,106
Others	**4,525**	2,101
	95,205	14,824
Other gains and losses		
Gain on disposal of property and equipment	**–**	18
Foreign exchange (loss) gain, net	**(205,253)**	15,601
	(205,253)	15,619

5. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank and other borrowings	**439,609**	326,433
Interest on senior notes	**248,685**	43,859
Less: Capitalised in properties under development	**(621,473)**	(327,073)
	66,821	43,219

Finance costs have been capitalised for properties under development at average rate of 7.00% (six months ended 30 June 2017: 6.35%) for the six months ended 30 June 2018.

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
Enterprise Income Tax ("EIT") in the PRC	**290,646**	284,862
Land Appreciation Tax ("LAT")	**79,037**	245,717
	369,683	530,579
Deferred tax	**119,216**	(28,311)
	488,899	502,268

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

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

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

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

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Cost of properties held for sale recognised as expenses	**2,759,528**	1,895,156
Depreciation of property and equipment	**4,109**	3,035
Less: Capitalised in properties under development	**(12)**	(663)
	4,097	2,372

8. INTERIM DIVIDEND

	Six months ended 30 June	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Interim dividend declared	212,147	–

Subsequent to the end of the reporting period, the Board of Directors of the Company declared an interim dividend of HK10 cents per share for the six months ended 30 June 2018 (for the six months ended 30 June 2017: Nil) in an aggregate amount of HK$245,200,000 (equivalent to approximately RMB212,147,000), taking into account the 2,452,000,000 ordinary shares in issue as at 30 June 2018. The eligible shareholders will receive the interim dividend wholly by way of an allotment and issue of scrip shares unless the relevant eligible shareholders elect to receive such interim dividend wholly in cash, or partly in cash and partly in the form of scrip shares.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	973,472	515,034
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,452,000	1,914,240

No diluted earnings per share for the periods ended 30 June 2018 and 2017 were presented as there were no potential ordinary shares in issue in both periods.

10. INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
FAIR VALUE			
At 1 January 2018 (audited)	1,926,142	1,380,000	3,306,142
Additions	13,085	830,275	843,360
Net change in fair value recognised in profit or loss	39,878	430,125	470,003
At 30 June 2018 (unaudited)	1,979,105	2,640,400	4,619,505

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

The fair values of the Group's investment properties at 30 June 2018 have been arrived at on the basis of valuations on those dates carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuations of completed investment properties were arrived at with adoption of income capitalisation approach by considering the capitalised rental income derived from the existing tenancies with due provision for any reversionary income potential of the respective properties.

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

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

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

11. PROPERTY AND EQUIPMENT

During the period, the Group has spent RMB3,414,000 on property and equipment (six months ended 30 June 2017: RMB2,028,000). In addition, the Group has no disposal of property and equipment during the period (six months ended 30 June 2017: carrying value amounted to RMB86,000).

12. AVAILABLE-FOR-SALE INVESTMENT

	30.6.2018 RMB'000 (unaudited)	31.12.2017 RMB'000 (audited)
Debt instrument in the PRC, at fair value	–	59,678

The above debt instrument represented investments in an unlisted fund issued by private entity incorporated in the PRC.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.6.2018 RMB'000 (unaudited)	31.12.2017 RMB'000 (audited)
Debt instrument in the PRC, at fair value	**62,769**	–
Debt instruments in overseas, at fair value	**385,308**	–
Deposits paid for a life insurance policy, at fair value	**15,174**	–
Listed equity investment in Hong Kong, at fair value *(Note)*	**199,238**	–
	662,489	–
Less: Financial assets at fair value through profit or loss classified as current assets	**(584,546)**	–
Non-current portion	**77,943**	–

Note: Amount represents financial assets for the purposes of held for trading.

14. DEPOSITS PAID FOR ACQUISITION OF SUBSIDIARIES

The Group entered into framework agreements ("Framework Agreements") with independent third parties in relation to the acquisition of a number of companies which are principally engaged in property development in the PRC. As at 30 June 2018, the Group had made deposits of RMB1,961,378,000 (31 December 2017: RMB1,524,053,000) in relation to these acquisitions. According to the Framework Agreements, in case of incompletion of the acquisitions, the deposits paid will be fully refunded to the Group.

15. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.6.2018 RMB'000 (unaudited)	31.12.2017 RMB'000 (audited)
Rental receivables (Trade receivables) *(Note i)*	**45,982**	39,903
Prepaid construction costs	**138,163**	358,614
Prepaid business and other taxes	**130,528**	214,884
Deposits for acquisition of land use rights	**435,351**	26,040
Projects-related deposits	**51,617**	289,944
Deposits for trust financing arrangements *(Note ii)*	**287,330**	63,925
Other deposits	**209,282**	251,186
Bills receivables	**2,611**	3,870
Loans receivables *(Note iii)*	**712,945**	733,721
Other receivables *(Note iv)*	**159,655**	135,048
	2,173,464	2,117,135

Notes:

(i) The amount represents rental receivables for leasing of office premises, hotel, shopping arcade and carparks.

(ii) The amounts are deposited in trust financing companies for raising trust loans to subsidiaries of the Group. For the deposits that relevant trust loans have been/will be raised, such deposits will be refunded to the Group either upon final repayments of the trust loans or repayable on demand.

(iii) Loans receivables represent loans to independent third parties which are unsecured, interest bearing at ranging from 12% to 23% per annum (31 December 2017: 12% to 23% per annum) and repayable within one year.

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

The Group allows an average credit period of 30 days to its trade customers.

No allowance for doubtful debts on trade and other receivables is noted at 30 June 2018 and 31 December 2017.

16. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	30.6.2018 RMB'000 (unaudited)	31.12.2017 RMB'000 (audited)
Trade payables	**1,220,891**	529,098
Business and other taxes payable	**240,747**	286,322
Accrued charges *(Note i)*	**448,518**	177,531
Deferred income *(Note ii)*	**699,277**	703,456
Consideration payable for acquisition of subsidiaries	**657,900**	322,700
Deposits and other payables *(Note iii)*	**1,354,506**	409,763
	4,621,839	2,428,870
Less: Non-current portion of deferred income	**(690,093)**	(693,230)
Current portion	**3,931,746**	1,735,640

Notes:

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

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

(iii) Deposits and other payables mainly represent various deposits received from contractors in relation to tendering and execution of construction contracts, and the deposits received from independent third parties for potential acquisition of property development projects.

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

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

	30.6.2018 RMB'000 (unaudited)	31.12.2017 RMB'000 (audited)
0–30 days	**564,593**	269,841
31–90 days	**108,713**	68,783
91–180 days	**314,392**	37,037
181–360 days	**79,995**	26,454
Over 360 days	**153,198**	126,983
	1,220,891	529,098

17. BANK AND OTHER BORROWINGS

	30.6.2018 RMB'000 (unaudited)	31.12.2017 RMB'000 (audited)
Bank loans, secured	**4,532,246**	4,618,427
Trust loans, secured	**3,944,220**	4,778,220
Other loans, secured	**1,473,305**	1,527,304
	9,949,771	10,923,951
Less: Amount due within one year	**(3,312,461)**	(3,215,400)
Amount not due within one year but contain a repayment on demand clause	**(17,461)**	(17,946)
Amount shown under current liabilities	**(3,329,922)**	(3,233,346)
Amount shown under non-current liabilities	**6,619,849**	7,690,605

During the six months ended 30 June 2018, the Group obtained new borrowings amounting to RMB243,460,000 (six months ended 30 June 2017: RMB2,800,851,000) and repaid borrowings amounting to RMB1,245,000,000 (six months ended 30 June 2017: RMB2,328,370,000).

As at 30 June 2018, borrowings amounting to RMB9,831,460,000 (31 December 2017: RMB10,835,932,000) carry fixed rates of interest ranging from 1.35% to 10.5% per annum (31 December 2017: 1.35% to 10% per annum). The remaining borrowings amounting to RMB118,311,000 (31 December 2017: RMB88,019,000) carry interest at variable rates with the effective interest rate ranging from 2.30% to 5.02% per annum (31 December 2017: 1.77% to 4.14% per annum).

Bank and other borrowings amounting to RMB9,949,771,000 as at 30 June 2018 (31 December 2017: RMB10,923,951,000) are secured by the pledge of assets as set out in note 21, out of which RMB418,311,000 (31 December 2017: RMB788,019,000) are also guaranteed by a director of the Company and related parties as set out in note 25(d).

18. SENIOR NOTES

	30.6.2018 RMB'000 (unaudited)	31.12.2017 RMB'000 (audited)
2016 senior notes due September 2018	677,203	665,387
2017 senior notes due October 2018	1,063,783	1,036,291
2017 senior notes due November 2018	2,002,436	1,980,058
2017 senior notes due April 2019	329,838	326,201
2017 senior notes due May 2019	326,615	323,015
2018 senior notes due January 2019 *(Note)*	2,396,767	–
	6,796,642	4,330,952
Less: Amount due within one year shown under current liabilities	(6,796,642)	(3,681,736)
Amount due after one year	–	649,216

Note:

In January 2018, the Company issued senior secured notes with a principal amount of US$250,000,000 due in January 2019 (the "Original January 2019 Senior Notes") which are listed on the Stock Exchange. The Original January 2019 Senior Notes, bearing interest at a fixed rate of 8.125% per annum with interest payable semi-annually in arrears, will mature in January 2019.

In April 2018, the Company issued senior secured notes with a principal amount of US$100,000,000 due in January 2019 (the "New January 2019 Senior Notes") which are listed on the Stock Exchange under the indenture governing the Original January 2019 Senior Notes. The New January 2019 Senior Notes, bearing interest at a fixed rate of 8.125% per annum with interest payable semi-annually in arrears, will mature in January 2019.

The Company must make an offer to repurchase all New January 2019 Senior Notes and Original January 2019 Senior Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase upon the occurrence of a change of control triggering event or a delisting event as defined in the offering circular. In the opinion of directors, the fair values of the early redemption options are insignificant at initial recognition and the end of the reporting period.

19. SHARE CAPITAL

	Number of shares	Nominal value HK$'000
Ordinary shares of HK$0.01 each		
Authorised		
At 1 January 2018 and 30 June 2018	10,000,000,000	100,000
Issued and fully paid		
At 1 January 2018 and 30 June 2018	2,452,000,000	24,520

Shown in the condensed consolidated financial statements as:

	RMB'000
At 30 June 2018 (unaudited)	20,564
At 31 December 2017 (audited)	20,564

20. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

Subsidiaries acquired in 2018

(a) On 6 March 2018, the Group acquired 90% equity interest in Enping Empire Resort and Spa Development Limited ("Enping Empire") for a consideration of RMB495,000,000. This acquisition has been accounted for as purchase of assets and liabilities. Enping Empire is engaged in the property development operations, and was acquired from independent third parties so as to continue the expansion of the Group's property development operations.

Consideration

	RMB'000
Cash paid	300,000
Deposit paid in previous year	100,000
Consideration payable	95,000
Total cash consideration	495,000

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Non-current asset	
Property, plant and equipment	25,760
Current assets	
Inventories of properties – under development	614,625
Other receivables	111
Bank balance and cash	1,984
Current liability	
Other payables	(92,480)
Net assets	550,000
Less: Non-controlling interests (10%)	(55,000)
	495,000
Consideration satisfied by:	
Cash	495,000

Net cash flows on acquisition of a subsidiary

	RMB'000
Consideration paid in cash	300,000
Less: Bank balances and cash acquired	(1,984)
	298,016

20. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES – CONTINUED

Subsidiaries acquired in 2018 – continued

(b) On 9 April 2018, the Group acquired 90% equity interest in Xinjiang Jiayuan Property Development Co., Limited ("Xinjiang Jiayuan") for a consideration of RMB1,240,200,000. This acquisition has been accounted for as purchase of assets and liabilities. Xinjiang Jiayuan is engaged in the property development operations, and was acquired from independent third parties so as to continue the expansion of the Group's property development operations.

Consideration

	RMB'000
Cash paid	1,000,000
Consideration payable	240,200
Total cash consideration	1,240,200

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Non-current asset	
Property, plant and equipment	49
Current assets	
Inventories of properties – under development	1,379,065
Other receivables and prepayments	1,507
Bank balance and cash	1,086
Current liability	
Other payables	(3,707)
Net assets	1,378,000
Less: Non-controlling interests (10%)	(137,800)
	1,240,200
Consideration satisfied by:	
Cash	1,240,200

Net cash flows on acquisition of a subsidiary

	RMB'000
Consideration paid in cash	1,000,000
Less: Bank balances and cash acquired	(1,086)
	998,914

20. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES – CONTINUED

Subsidiaries acquired in 2017

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

Consideration

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

Assets acquired and liabilities recognised at the date of acquisition

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

Net cash flows on acquisition of a subsidiary

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

20. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES – CONTINUED

Subsidiaries acquired in 2017 – continued

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

Consideration

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

Note: Amount included in deposits paid for acquisition of subsidiaries as at 31 December 2017.

Assets acquired and liabilities recognised at the date of acquisition

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

Net cash flows on acquisition of a subsidiary

	RMB'000
Consideration paid in cash	140,000

21. PLEDGE OF ASSETS

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

	30.6.2018 RMB'000 (unaudited)	31.12.2017 RMB'000 (audited)
Pledged bank deposits	563,172	864,585
Prepayment and deposit paid for a life insurance policy	–	9,444
Financial assets at fair value through profit or loss	15,174	–
Property and equipment	74,968	75,580
Investment properties	1,066,219	998,000
Properties under development	14,822,622	14,669,409
Properties held for sale	307,812	214,935
	16,849,967	16,831,953

22. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	30.6.2018 RMB'000 (unaudited)	31.12.2017 RMB'000 (audited)
Within one year	1,127	1,233
In the second to fifth year inclusive	845	843
	1,972	2,076

Operating lease payments represent rentals payable by the Group for certain of its office premises and staff quarters. Leases are negotiated for terms ranging from 1 to 3 years (2017: 1 to 2 years) with fixed rentals.

22. OPERATING LEASE COMMITMENTS – CONTINUED

The Group as lessor

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

	30.6.2018 RMB'000 (unaudited)	31.12.2017 RMB'000 (audited)
Within one year	33,012	25,435
In the second to fifth year inclusive	123,702	94,996
After five years	136,024	101,694
	292,738	222,125

Leases are negotiated for terms ranging from 3 to 15 years (2017: 1 to 15 years) with fixed rentals.

23. COMMITMENTS

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

	30.6.2018 RMB'000 (unaudited)	31.12.2017 RMB'000 (audited)
Contracted but not provided for in the condensed consolidated financial statements:		
– Expenditure in respect of projects classified as properties under development for sales and investment properties under construction	2,931,077	3,473,837

24. CONTINGENT LIABILITIES

	30.6.2018 RMB'000 (unaudited)	31.12.2017 RMB'000 (audited)
Mortgage guarantees	4,801,718	4,586,918

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

In the opinion of the directors of the Company, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and the directors of the Company consider that the possibility of default by the purchasers of the Group's properties is remote, accordingly, no value has been recognised at the inception of the guarantee contracts and as at 30 June 2018 and 31 December 2017.

25. RELATED PARTY TRANSACTIONS AND BALANCES

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

(a) Procurement of intelligent system equipment

	Six months ended 30 June	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Zhejiang Xigu Digital Technology Co., Ltd. ("Zhejiang Xigu") 浙江西谷數字技術股份有限公司 (formerly known as 浙江西谷數字技術有限公司)	–	160
Jiaxing City Deyu Electronics Technology Co., Ltd. ("Jiaxing Deyu") 嘉興市德宇電子科技有限公司	1,257	1,002

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

(b) Architectural design fee

	Six months ended 30 June	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Jiaxing City Boyuan Architecture Design Co., Ltd. ("Jiaxing Boyuan") 嘉興市博源建築設計有限公司	8,652	10,942

Jiaxing Boyuan is an entity controlled by the Ultimate Shareholder.

25. RELATED PARTY TRANSACTIONS AND BALANCES – CONTINUED

(c) Property management fee

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Zhejiang Jia Yuan Property Management Co., Ltd. ("Jia Yuan Property") 浙江佳源物業管理有限公司	**4,062**	6,034

Jia Yuan Property is an entity controlled by the Ultimate Shareholder.

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

	30.6.2018	31.12.2017
	RMB'000	RMB'000
	(unaudited)	(audited)
Bank and other borrowings guaranteed by a director of the Company and related parties	**418,311**	788,019

25. RELATED PARTY TRANSACTIONS AND BALANCES – CONTINUED

(e) Related party balances

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

	30.6.2018 RMB'000 (unaudited)	31.12.2017 RMB'000 (audited)
Amounts due from related parties		
Trade nature		
Jiaxing Boyuan	2,662	–
Zhejiang Xigu	1,838	–
	4,500	–
Amounts due to related parties		
Trade nature		
Jiaxing Boyuan	–	4
Jiaxing Deyu	1,360	768
Jia Yuan Property	9,640	–
Zhejiang Xigu	–	5,804
	11,000	6,576

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

(f) Compensation of key management personnel

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

	Six months ended 30 June	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Short term benefits	5,227	5,083
Post-employment benefits	108	82
	5,335	5,165

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