中期報告

INTERIM REPORT 2018

GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司

(incorporated in the Cayman Islands with limited liability) (Stock Code: 03900)

(於開曼群島註冊成立的有限公司)(股票代碼：03900)

Shengzhou Greentown Mansion

Contents

Corporate Profile

GREENTOWN CHINA HOLDINGS LIMITED IS A QUALITY PROPERTY DEVELOPER AND INTEGRATED LIVING SERVICE PROVIDER IN CHINA. IT MAINTAINS A LEADING POSITION IN THE INDUSTRY BY VIRTUE OF THE QUALITY OF ITS PROPERTIES, ITS UNIQUE ARCHITECTURAL AESTHETICS AND CUSTOMER CENTRIC SERVICES, AND IS COMMITTED TO BEING THE "NO. 1 INTEGRATED SERVICE PROVIDER FOR AN IDEAL LIFE IN CHINA". THE COMPANY WAS AWARDED THE "TOP 10 AMONG 100 CHINESE REAL ESTATE ENTERPRISES BY COMPREHENSIVE STRENGTH" FOR THE 14TH CONSECUTIVE YEAR BY THE DEVELOPMENT RESEARCH CENTER OF THE STATE COUNCIL, THE INSTITUTE OF REAL ESTATE STUDIES AT TSINGHUA UNIVERSITY AND THE CHINA INDEX ACADEMY, WAS REELECTED AS THE "TOP 10 AMONG 100 LARGEST CHINESE REAL ESTATE ENTERPRISES" AND WAS AGAIN NAMED THE "TOP 10 CHINESE REAL ESTATE COMPANIES BY BRAND VALUE (MIXED OWNERSHIP)" FOR THE 14TH CONSECUTIVE YEAR WITH A BRAND VALUE OF RMB29.076 BILLION. MEANWHILE, GREENTOWN WAS AWARDED THE "CHINESE LEADING REAL ESTATE COMPANIES BY CUSTOMER SATISFACTION" FOR THE 6TH CONSECUTIVE YEAR FOR ITS QUALITY PRODUCTS AND SERVICES.

Greentown China Holdings Limited is a mixed ownership enterprise engaging in the business of property development, featured towns construction, project management, asset operation and living services. It maintains a leading position in the industry with high construction quality and excellent living services. Over 23 years of development, the Company has over 300 member companies and its scope of business covers more than 20 provinces, autonomous regions and direct-controlled municipalities. It established a presence in over 100 cities, having constructed more than 500 exquisite property complexes.

On 8 June 2012, Wharf was introduced as a strategic shareholder of Greentown. The aggregate investment from Wharf amounted to approximately HK$5.1 billion (equivalent to approximately RMB4.16 billion), including the subscription of approximately 490 million placing shares and the subscription of convertible securities (which have been redeemed in full in February 2014). As at the date of this report, Wharf (through its wholly-owned subsidiary) held approximately 24.9% of the total issued share capital of the Company.

On 27 March 2015, CCCG completed the sale and purchase transaction of shares with Mr SONG Weiping and other related shareholders, pursuant to which CCCG acquired 524,851,793 shares of the Company at HK$11.46 per share in cash with a total consideration of approximately HK$6.015 billion. On 4 June 2015, CCCG acquired another 100 million shares of the Company at HK$11.46 per share. Accordingly, as at the date of this report, CCCG held approximately 28.8% of the total issued share capital of the Company, making it the single largest shareholder of Greentown.

Being a professional developer of premium property in the PRC, Greentown Group has always insisted on innovation and continued to explore the relationship between human and dwellings with excellent accomplishment in the low-rise, multi-storey and high-rise residential properties. Based on the construction of beautiful architecture, Greentown Group is committed to building a better life for more people. Its layout will focus on the first-tier and second-tier cities as well as quality third-tier and fourth-tier cities, emphasizing on the creation of unique projects like featured towns, sports competition projects and TOD projects. As at 30 June 2018, the premium land bank of Greentown Group comprised a total GFA of over 32.97 million sqm, ensuring the sustainable and steady development of the Company in the future. With its quality human resources and highly effective corporate management structure, the Company has established an outstanding brand image in all cities where it operates. The Group's experience in developing numerous high-quality projects and outstanding operational capabilities accumulated so far has provided strong momentum for its further expansion.

Since September 2010, Greentown Group has commenced the project management business. In September 2015, the Company acquired Greentown Dingyi Real Estate Investment Management Company Limited and Greentown Shidai City Construction & Development Company Limited, and established Greentown Project Management Group. The Company has already undertaken an orderly integration of businesses, management teams and governing systems and led the industry with a complete and standardized system of "Project Management 4.0", bringing in an increasingly sophisticated asset-light operation model and fast-growing business. In June 2016, the Company undertook a restructuring of Bluetown Property Construction Management Group Co., Ltd. ("Bluetown"), involving, among other matters, the integration of the project management business of Bluetown with the Greentown Project Management Group. As a result, the new Greentown Project Management Group has further expanded its scale. As at 30 June 2018, the total number of projects managed by Greentown Project Management Group has reached 250, with a planned total GFA of approximately 53.48 million sqm. To date, the Greentown Project Management Group has evolved into the largest and the most professional asset-light real estate operation group in China.

In June 2018, the Group established the strategy of "balancing the development of light assets and heavy assets". It focuses on improving the quality of heavy assets, increasing the weight of light assets, and further optimizing and adjusting the company structure to implement effective flat management and control, with an aim to improve work efficiency, management effectiveness and operational performance for better development of the Company.

With the full support of CCCG, a state-owned enterprise, and Wharf, a Hong Kong blue-chip enterprise, together with our founder Mr. SONG Weiping, a renowned entrepreneur in China's real estate industry, and other substantial shareholders, Greentown will build the brand of "No. 1 integrated service provider for an ideal life in China", facilitate the transformation of Greentown China from the "home builder" to "lifestyle builder", and continuously uplift the future core competitiveness of Greentown China.

Corporate Information

Board of Directors

Executive Directors
Mr SONG Weiping (Co-chairman)
Mr LIU Wensheng (Co-chairman)
Mr SUN Guoqiang
(Resigned on 1 August 2018)
Mr SHOU Bainian
(Resigned on 6 April 2018)
Mr CAO Zhounan
(Resigned on 1 August 2018)
Mr ZHANG Yadong
(Appointed on 1 August 2018)
Mr LI Qingan
Mr LI Yongqian
Mr LI Jun (Appointed on 6 April 2018)

Independent Non-Executive Directors
Mr JIA Shenghua
Mr KE Huanzhang
Mr SZE Tsai Ping, Michael
Mr HUI Wan Fai

Audit Committee
Mr SZE Tsai Ping, Michael (Chairman)
Mr JIA Shenghua
Mr HUI Wan Fai

Nomination Committee
Mr SZE Tsai Ping, Michael (Chairman)
Mr LIU Wensheng
Mr SHOU Bainian
(Resigned on 6 April 2018)
Mr CAO Zhounan
(Appointed on 6 April 2018,
resigned on 1 August 2018)
Mr ZHANG Yadong
(Appointed on 1 August 2018)
Mr JIA Shenghua
Mr KE Huanzhang
Mr HUI Wan Fai

Remuneration Committee
Mr JIA Shenghua (Chairman)
Mr LIU Wensheng
(Appointed on 6 April 2018)
Mr SUN Guoqiang
(Resigned on 1 August 2018)
Mr SHOU Bainian
(Resigned on 6 April 2018)
Mr ZHANG Yadong
(Appointed on 1 August 2018)
Mr KE Huanzhang
Mr SZE Tsai Ping, Michael
Mr HUI Wan Fai

Registered Office

Maples Corporate Services Limited
PO Box 309, Ugland House
South Church Street, George Town
Grand Cayman KY1-1104
Cayman Islands

Share Registrar in Hong Kong

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

Share Registrar in Cayman Islands

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Auditor

Deloitte Touche Tohmatsu

Legal Advisors

As to Hong Kong law:
Allen & Overy

As to the PRC law:
Zhejiang T&C Law Firm

As to Cayman Islands law and British Virgin Islands law:
Maples and Calder

Company Secretary

Mr FUNG Ching, Simon

Authorized Representatives

Mr ZHANG Yadong
Mr FUNG Ching, Simon

Principal Bankers

Bank of China Limited
Industrial and Commercial Bank of China Limited
Agricultural Bank of China Ltd.
China Construction Bank Corp.
The Hong Kong And Shanghai Banking Corp., Ltd.
Standard Chartered Bank (Hong Kong) Limited
Bank of Communications Co., Ltd.
The Bank of East Asia, Limited
Ping An Bank Co., Ltd.
China Everbright Bank Corp., Ltd.
Shanghai Pudong Development Bank Co., Ltd.

Hangzhou Headquarters

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No.1 Hangda Road
Hangzhou, Zhejiang
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Stock Code

HKEx: 03900

Websites

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www.greentownchina.com

Land Bank Information

Total GFA Exceeds 32.97 Million sqm

Region	No. of Projects	Percentage of GFA (%)
Hangzhou	21	12.8%
Zhejiang (excluding Hangzhou)	31	27.7%
The Yangtze River Delta Area (excluding Zhejiang)	10	5.6%
The Bohai Rim Area	22	26.2%
The Pearl River Delta Area	3	2.3%
Chengdu– Chongqing Area	4	3.3%
Other Areas in China	14	19.7%
Overseas	1	2.4%
Total	**106**	**100%**

The Yangtze River Delta Area

Region	Total GFA (sqm)	Proportion to total land bank (%)
Zhejiang (excluding Hangzhou)	9,136,546	27.7%
Hangzhou	4,204,924	12.8%
Jiangsu	1,525,514	4.6%
Shanghai	332,923	1%

The Bohai Rim Area

Region	Total GFA (sqm)	Proportion to total land bank (%)
Shandong	4,886,027	14.8%
Beijing	1,252,975	3.8%
Tianjin	889,788	2.7%
Hebei	888,122	2.7%
Liaoning	722,563	2.2%

The Pearl River Delta Area

Region	Total GFA (sqm)	Proportion to total land bank (%)
Guangdong	763,265	2.3%

Chengdu-Chongqing Area

Region	Total GFA (sqm)	Proportion to total land bank (%)
Sichuan	560,271	1.7%
Chongqing	514,985	1.6%

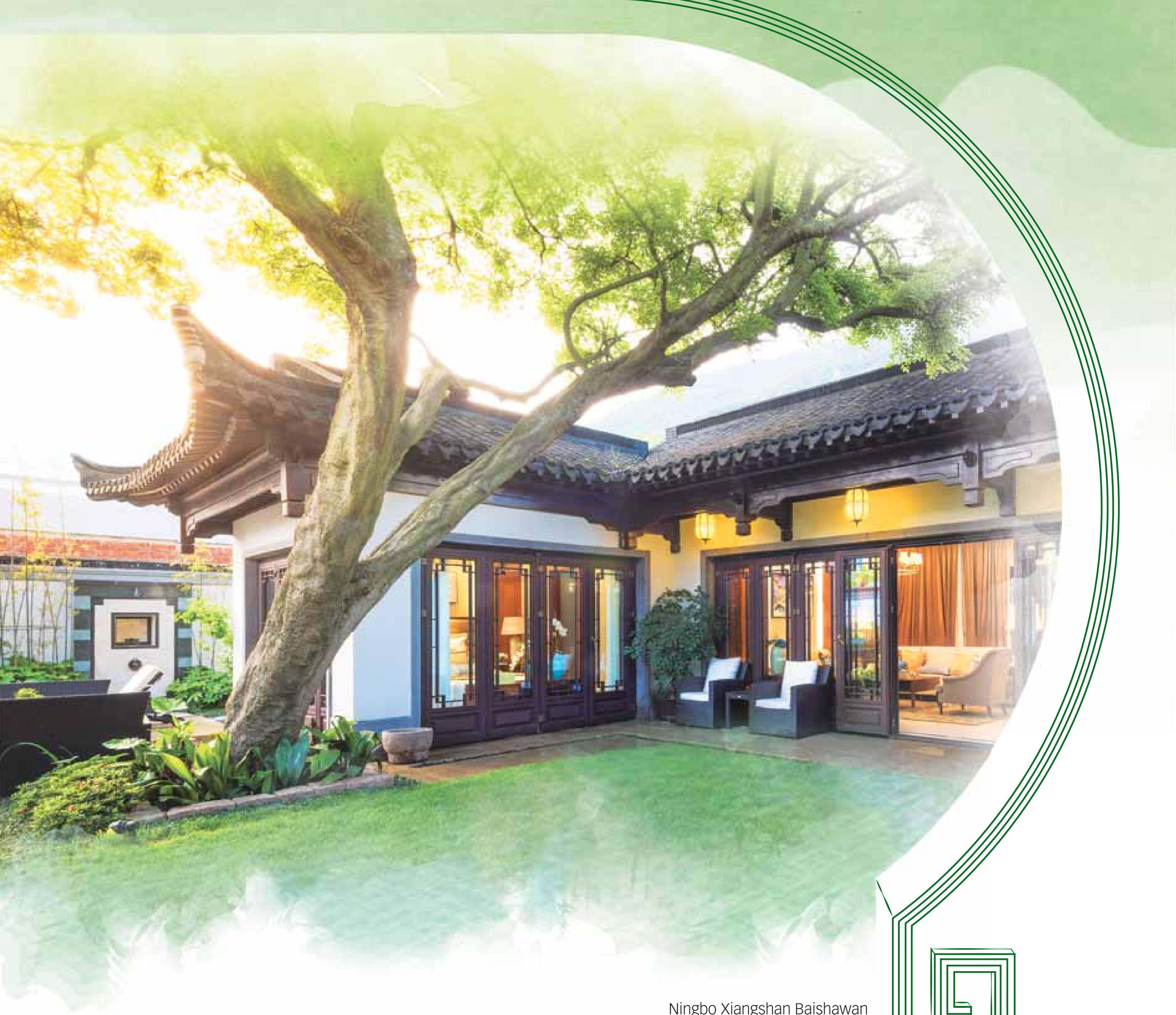
Overseas

Region	Total GFA (sqm)	Proportion to total land bank (%)
Indonesia (Jakarta)	778,952	2.4%

Other Areas in China

Region	Total GFA (sqm)	Proportion to total land bank (%)
Shaanxi	2,618,632	7.9%
Hainan	1,247,997	3.8%
Hubei	698,466	2.1%
Heilongjiang	464,211	1.4%
Henan	454,240	1.4%
Xinjiang	361,741	1.1%
Hunan	274,546	0.8%
Fujian	211,640	0.64%
Inner Mongolia	174,807	0.53%
Anhui	8,820	0.03%

Notes: The figures for total GFA and site area are subject to adjustments due to planning changes. Relevant figures will only be finalized after project completion.



Ningbo Xiangshan Baishawan Rose Garden

Management Discussion and Analysis

Operations and Management Review

Owing to its adequate preparation for the external market environment and the unremitting efforts of its staff, the Group achieved remarkable results from its steady development in the first half of the year, with profitability starting to emerge. Regarding sales, the Group adopted proactive sales strategies with an accelerating sell-through rate and lowered its inventory level significantly. Regarding investment, the Group was accurate in its layout and effective in opportunistic land bank replenishment, with a year-on-year decline in the average land cost of newly acquired land. Regarding finance, the Group had smooth financing channels, maintained relatively low financing costs and sufficient capital, with a net gearing ratio able to maintain its financial stability while achieving moderate scale expansion. Regarding product, the Group promoted standardization and product innovation, enabling its quality and brand to remain in a leading position. Regarding service, the Group enjoyed improving customer satisfaction and continued to promote its brand image as a service provider for an ideal life.

Results Overview

The Group generated revenue of RMB33,534 million for the Period, representing an increase of 220.9% from RMB10,449 million for the corresponding period in 2017. Profit attributable to owners of the Company amounted to RMB2,335 million for the Period, representing an increase of RMB1,106 million or 90% from RMB1,229 million for the corresponding period in 2017. After deduction of the net post-tax effect of foreign exchange gains and losses, gains from acquisitions, provision and reversal of impairment losses on certain assets and fair value adjustments on certain assets for the Period, the core profit attributable to owners of the Company was RMB3,150 million for the Period, representing an increase of RMB2,063 million or 189.8% compared with RMB1,087 million for the corresponding period in 2017.

Basic earnings per share amounted to RMB0.94 for the Period, representing an increase of 104.3% from RMB0.46 per share for the corresponding period in 2017.

Presales

For the sixth months ended 30 June 2018, Greentown Group (including Greentown China Holdings Limited and its subsidiaries, together with its joint ventures and associates) recorded a total contracted sales area of approximately 3.99 million sqm, and a total contracted sales amount of approximately RMB75.4 billion, which represented an increase of approximately 26.7% compared with RMB59.5 billion for the same period last year, hitting a record high as compared to the corresponding periods of previous years. In particular, Greentown Group recorded a total contracted sales area of approximately 1.92 million sqm and a total contracted sales amount of approximately RMB47.4 billion from its investment projects, of which approximately RMB26.8 billion was attributable to the Group (comprising Greentown China Holdings Limited and its subsidiaries), for the first half of 2018. As at 30 June 2018, the Group recorded a total subscription sales amount of approximately RMB1 billion from its investment projects, of which approximately RMB0.5 billion was attributable to the Group. Average contracted sales price for our investment projects amounted to approximately RMB24,637 per sqm (for the same period of last year: RMB21,540 per sqm), at a leading level among property developers nationwide.

In addition, in the first half of 2018, Greentown Group recorded a total contracted sales area of approximately 2.07 million sqm and a total contracted sales amount of approximately RMB28 billion from the projects under project management business where Greentown Group delivered brand value and management expertise (non-investment projects, referred to as "projects under project management").

Amidst the continuous tightening regulation and control over the real estate industry, the Group adopted proactive sales strategy to attain an improving sell-through rate and reduce inventories significantly. For the first half of 2018, an overall sell-through rate of approximately 62% was recorded for the Group's investment projects, with a sell-through rate of 80% recorded for newly launched projects. As at 30 June 2018, the saleable amount of inventory investment projects amounted to RMB29.1 billion, representing a substantial decline from RMB41.3 billion as at 31 December 2017. In particular, the saleable amount of inventory investment projects in third- and fourth-tier cities decreases from RMB18.1 billion to RMB9.2 billion.

Effective Investment with Optimized Land Reserve Structure

In the first half of 2018, on top of deepening its presence in the Yangtze River Delta, the Group continued to increase its investment in core cities such as Wuhan, Xi'an, Chongqing and Tianjin and made its debut into Fuzhou. Meanwhile, the Group also invested in fast-turnover projects, grasping the opportunities to replenish its land bank effectively.

During the Period, the Group acquired a total of 19 new land parcels, which were mainly located in the premium cities across the Yangtze River Delta. The projects covered a gross floor area (GFA) of approximately 4.4 million sqm, including approximately 2.44 million sqm attributable to the Group. Transaction amount totaled approximately RMB24.8 billion, of which approximately RMB18.4 billion was paid by the Group. It is estimated that the total saleable amount will be approximately RMB74.5 billion, of which approximately RMB43.3 billion will be attributable to the Group. The average land cost of the new land parcels amounted to approximately RMB10,111 per sqm, representing a notable decline from RMB11,979 per sqm from the corresponding period last year. At the same time, the Group accelerated the development cycle of its new projects. The new land acquired in the first half of 2018 are expected to translate into saleable resources in the amount of approximately RMB9.5 billion during the same year, representing a conversion rate of 13% (the same period of last year: 9%).

Zhuhai Jade Lake and Fragrant Hill International Garden (Project under Project Management)

A Table of Newly-added Land Bank in the First Half of 2018

No.	Land/Project Name	Acquired by	Equity	Total Land Cost/ Acquisition Price (RMB million)	Paid by Greentown (RMB million)	GFA (sqm)
1	Hangzhou Sandun Dangwangtou Project	Auction	24%	381	91	94,174
2	Hangzhou Future Science and Technology City Project	Auction	51%	2,341	1,194	131,721
3	Anji Peach Garden Block H3	Auction	85%	14	12	2,504
4	Anji Peach Garden Southeast Block 1	Auction	85%	54	46	9,950
5	Anji Peach Garden Southeast Block 2	Auction	85%	95	81	17,424
6	Deqing Fengqi Yunlu	Auction	37.5%	1,168	438	193,799
7	Jiaxing Science and Technology City Project	Auction	100%	994	994	148,577
8	Wenzhou Xijiangyue	Acquisition	16.5%	277	277	236,417
9	Wenzhou Liuxiangyuan	Auction	100%	1,453	1,453	114,550
10	Wenzhou Hengdu Project	Auction	100%	6,920	6,920	502,536
11	Zhoushan Orchid Residence	Auction	45%	1,357	611	151,099
12	Changshu South New City Project	Auction	100%	1,622	1,622	203,607
13	Tianjin Jinghai Project	Auction	60%	1,366	820	326,823
14	Wuhan International Expo Center Project	Acquisition	14%	739	739	464,205
15	Chongqing Xiyong Project	Auction	49%	1,850	906	412,572
16	Fuzhou Willow Breeze	Auction	51%	2,930	1,494	211,640
17	Xi'an National Games Village 224-mu Block	Auction	51%	608	310	416,355
18	Xi'an National Games Village 103-mu Block	Auction	51%	308	157	352,092
19	Xi'an National Games Village Wenguang 179-mu Block	Acquisition	51%	277	277	407,819
	Total			24,754	18,442	4,397,864

As at 30 June 2018, Greentown Group had a total of 106 land reserve projects (including projects under and pending construction) with a total GFA of approximately 32.97 million sqm and an attributable GFA of approximately 20.73 million sqm; total saleable area amounted to approximately 23.23 million sqm, of which approximately 14.38 million sqm was attributable to the Group. The average GFA land cost was approximately RMB5,239 per sqm. Projects in first- and second-tier cities accounted for 70% of the total saleable value, with an optimized land reserve structure.

Ranks First in the Project Management Industry

As the top industry player in the project management business and an important asset-light segment of Greentown China, Greentown Project Management focuses on project management business. Featuring brand, management and resources output, it is the largest and most professional project management service provider in China and a trusted brand by customers and government clients. As of 30 June 2018, Greentown Project Management managed a total of 250 projects with a planned GFA of approximately 53.48 million sqm. Greentown Project Management leads the project management industry not only with its clear advantage in the scale of operation, but with its vision and leadership for the development of the sector. In March 2018, Greentown Project Management officially released the project assessment system "Green Star Standard" (綠星標準) to improve standardized management capability and create an eco-platform of "co-creating value and sharing benefits" for clients, home owners, suppliers, employees and investors.

Smooth Financing Channels and Sufficient Funding

The Company has won the recognition and support of offshore capital markets with its exceptional credit performance and the credit support from its largest shareholder CCCG. In July 2018, the Company entered into a three-year unsecured syndicated loan agreement with 18 major banks in Hong Kong such as HSBC, with an amount equivalent to USD800 million in USD/HKD and at an annual interest rate which is calculated by the London Interbank Offered Rate ("LIBOR") (for the purpose of USD loans) or the Hong Kong Interbank Offered Rate (for the purpose of HKD loans) plus 2.565%. Subsequently, the Company entered into a USD300 million three-year unsecured bilateral loan at an annual interest rate of LIBOR+2.8% and a USD300 million five-year unsecured bilateral loan at an annual interest rate of LIBOR+3.3% with Bank of China (Hong Kong) Limited. The above facilities are primarily used for the refinancing of the Company's existing offshore debts. The Company completed offshore financing worth USD1,400 million within one week, which are not only larger in size, but also lower in interest rates with longer tenor as compared to the previous syndicated loan and bilateral loan. This underscores investors' confidence in the Company and will offer strong financial support for the Company.

Equipped with sufficient financing quota and smooth channels domestically, the Group issued corporate bonds in an aggregate principal amount of RMB6 billion and short-term commercial papers of RMB4 billion in the first half of 2018.

Undertaking Greentown China's strategy of "Real Estate Financialization", Greentown Asset Management works to build a financial service platform to liquidate dormant assets, holds such assets for financing and securitization in an innovative manner, and strives to develop new financing channels. In January 2018, the Group's supply chain asset-backed securities (ABS) was approved by the Shenzhen Stock Exchange with a quota of RMB10 billion. In June 2018, the Group issued the supply chain ABS in the amount of RMB293 million for the first time, and the rest will be issued in the next two years.

Ningbo Wisdom Park

Refining Product and Service Quality

In addition to enhancing project quality, the Group pushed forward standardization and strengthened quality control. Product standardization has not only effectively improved project design, development speed and product quality, but also facilitated bulk and intensive procurement as well as reduced costs. Meanwhile, Greentown pays attention to not just the quality control of projects under construction, but also the projects delivered. In the first half of 2018, the Company carried out the maintenance and repair work as well as safety rectification for old communities to improve property quality and customer satisfaction.

To enhance customer satisfaction and loyalty, the Group constantly improves its service quality to create a better life for home owners. In May 2018, the Group held the "Service Improvement Month" campaign for a total of 1,965 times, which deepened the relationships within the neighborhood and delivered greater harmony to the communities. In respect of addressing customer complaints, the customer satisfaction rate of the Group reached 99.85% for the first half of 2018 (up by 0.12% year-on-year), with an average processing time of 10.6 days (down by 5.52 days year-on-year). The Group was well recognized by home owners and industry peers for its consistent pursuit of service quality. In April 2018, the Group held the 2018 Greentown Life Developers Conference, where in-depth interpretation took place as to Greentown's value, product, service, and project management. The event aims to convey Greentown's understanding of beautiful life, demonstrate how a brand integrates good life into the making of its products and services, and boost Greentown's brand image. The Conference was participated by more than 1,500 customers, home owners, industry representatives, and media personnel.

Outlook

In the second half of 2018, it is expected that regulatory measures will continue in the real estate sector where restrictive policies on property sales and price will rein in price hikes. This will exert considerable impact upon property developers in terms of turnover rate and sales return. Greentown's current land reserve ensures steady development for the next three years or so, with land cost at a relatively low level. Coupled with strong capability of withstanding cyclical risks, smooth financing channels and a healthy gearing ratio, the Company is set to have adequate capital for investments and land acquisitions in order to replenish quality land reserves in a timely manner when the land market cools down. Meanwhile, to ensure that different levels of housing demand are met, market orientation will be the predominant factor in adjusting the supply-demand structure of the property market, to deliver diverse forms of residence. After over two decades of development, Greentown has formed a 2:6:2 product structure that comprises 20% high-end products, 60% cost-effective products and 20% high-quality resettlement and social security properties. Such olive-shaped product structure, rich product series and quality service will cater future market demand, and profitability will begin to emerge.

Overall, the real estate sector will continue to go through a period of adjustment during the second half of 2018. It is expected that industry will see a slowdown in the growth of investment and development, with de-leveraging, internal improvement and stable expansion to become the inevitable choice for real estate enterprises. Those with efficient turnover, competitive products, healthy sales turnover and strong financing capacity will enjoy the opportunity to capture more market resources. The Company will adhere to its industry benchmarking quality and customer-oriented service to actively propel its strategy of "balancing the development of light assets and heavy assets". The company will transform from the excessive dependence of resources and capital to the reliance of the brand, talents and professional abilities. In addition, Greentown will accelerate the development of blue ocean market segments that are oriented towards "ideal towns", "beautiful countryside" and "services for a beautiful life", diversify its asset-light businesses in order to boost the profit contribution from asset-light segments in the long run and increase shareholder returns.

Promoting the Strategy of Balancing the Development of Light Assets and Heavy Assets

The Company will remain firm with its strategic orientation of "balancing the development of light assets and heavy assets", optimize the structure and quality of heavy assets continuously, enhance the characteristics and weight of light assets to ensure the implementation of the strategy.

In terms of heavy assets, the Group will remain focused on investment and development, increase the turnover rate without sacrificing product quality, and replenish quality land parcels at a timely manner to break through the existing scale. At present, the Group has developed eight complete product series, namely, residential properties, commercial properties, urban complexes, public properties (such as hospitals and schools), social security properties, ideal towns, sports series and Young City series, all of which are designed to stand out across different market segments. Meanwhile, the Company will concentrate on featured property series as ideal town series, sports series, and Young City series, to fully utilize its advantages, and obtain more low-cost, profitable projects to seek new growth drivers. In particular, the Company has the vision of creating a beautiful lifestyle "brimming with warmth and civility", and will proactively develop the emerging market segments such as "ideal towns" and "beautiful countryside". The Company will seek to be a driving force for new urbanization and rural revitalization, and turn these initiatives into new growth points for the Company. Leveraging on its four consecutive years of experience in the operation, construction and event service for the National Games Village, the Company will actively acquire and carefully work for more sports-series projects to enhance brand influence. Capitalizing on the opportunities brought by the rapid development of rail transit, the Company has established Greentown Young City Real Estate Development Company Limited (綠城楊柳郡房地產有限公司) ("Young City Group") to focus on the development and operation of "Rail Transit + Property" ("TOD") projects.

To facilitate its transition from constructing "beautiful buildings" to creating "wonderful life", the Company will diversify its asset-light business, enrich product offerings and seek new elements to boost the profit contribution of the light asset segment in the long run. Greentown Project Management, with its focus on the project management business, will maintain its industry leading position with greater scale, profitability and profit contribution. Greentown Asset Management will make comprehensive efforts to build a professional, innovative and quality financial service platform through continuous development of real estate funds, finance leasing, commercial factoring and other financial services. In line with Greentown China's development strategy of "Service Platform Building", Greentown Ideal Life Technology Co., Ltd. will utilize technology to provide Greentown home owners and the public with quality living service and spare no effort to create a beautiful life, while continuously improving the retirement service system and accelerating the development of the elderly care industry. Greentown Housing Technology Group undertakes the full housing-related industry chain such as R&D, design, construction, consultation, housing 4S service, testing and supporting industries (construction materials and equipment), with a continuous drive to explore and expand its business scope and increase the add-on value of its products. Greentown Xiong'an Urban Operation Company will serve as a vehicle for the Company and CCCG in their strategic collaboration with Xiong'an New Area. The Company will leverage on the Greentown brand to provide project management and all-round life services, and explore the innovative model of "New Urban Integrated Operation Service Provider".

Shengzhou People's Hospital

Serving as a Model for Mixed Ownership Enterprises with the Support of Shareholders

The Group will capitalize on the resources and the rich capital market experience of its major shareholders, namely CCCG (a state-owned enterprise), Wharf (a Hong Kong blue chip enterprise) and Ping An Securities to carry out multi-dimensional strategic cooperation. The Group will also ride on Mr Song Weiping, the founding shareholder's relentless pursuit of better product and service quality, to strive to establish itself as a model for mixed ownership enterprises.

Since it became a shareholder of Greentown, CCCG has been providing solid support to Greentown as a strong strategic partner. In the future, CCCG will share its resources with Greentown to further enhance project cooperation, offer more support and drive greater synergy in corporate governance, asset-light business development, financial control and financial services. In terms of corporate governance, CCCG has been intensifying its support to the Company. On 1 August 2018, Mr. Zhang Yadong joined the board of directors of the Company and was appointed as an Executive Director and the Chief Executive Officer. Mr. Zhang has extensive experience in urban-rural construction and real estate management. Under his leadership, the Company is expected to make new strides towards sustainable and quality development. In terms of resource sharing, on top of the cooperation on the existing projects, CCCG will share more quality project resources with Greentown who will leverage on its brand effect and construction capabilities, to gradually form a strategic partnership with clear roles, resource sharing and mutual benefit with close coordination. In terms of developing asset-light business, Greentown will fully capitalize on its brand value, and participate in urbanization construction projects with CCCG and explore emerging industries, to increase the proportion of Greentown's asset-light business. In terms of financial support, CCCG will continue to support Greentown's credit rating and financing, and fully utilize CCCG's financial management and control system to further improve cost control of Greentown and enhance profit margins. In terms of financial services, the Group will fully ride on CCCG's resources and rich experience in the financial sector to promote the development of such business as Greentown China real estate funds, finance leasing, and commercial factoring, as part of the effort to further implement Greentown China's real estate financialization strategy.

Accurate Investment Layout

The Group will maintain its value investment strategy of "Core Locations in Core Cities", and further cultivate in regions where it has made its presence, and further optimize the investment layout nationwide. With a focus on sales and profit, the Group will raise the proportion of investment in key strategic regions and core cities, while capturing the dynamic investment opportunities in various regions and cities, all in a bid to ensure an accurate investment layout. Against the backdrop of tightened investment in the second half of 2018, the Group will optimize its investment strategy as appropriate, shifting its emphasis from the opportunistic approach in the first half of the year to risk prevention and control in the second half of the year. Furthermore, the Group will seek opportunities to strategically replenish its land bank in the fourth quarter of 2018 or the first half of 2019, accelerate the investments in both light assets and heavy assets, and form a combination of general development projects and strategic projects, as well as further optimize the land reserve structure nationwide. These efforts will lay a foundation for the comprehensive investment landscape that is oriented towards mid to long-term projects, featured projects and emerging business projects, and supplemented by fast-turnover projects and traditional development projects. At the same time, on top of traditional auctions, the Group will pay closer attention to investment channels such as merger and acquisition, urban renewal and rural land projects, vigorously develop TOD projects and execute the pilot program for integrated development models such as industry-and-city integration.

Better Capital Management and Focus on Profit Realization

The Company will focus on two dimensions, namely, innovative financing and value creation. First, on the basis of traditional financing models, the Company will widen its financing channels and models and increase capital market financing. Second, the Company will make concrete efforts to enhance its cash flow management capability, speed up the collection of receivables, strengthen capital aggregation and boost capital efficiency. Third, the Company will further beef up its comprehensive budget management, bolster internal control and cultivate value-adding capabilities, all in a bid to create greater operating profit. At the same time, with a proactive financial policy and a stable capital policy as the core and cash flow analysis as the foundation, the Company will develop a new financial risk warning model, work harder to construct the financial risk management and control system, and render a more accurate and forward-looking model for financial risk warning in line with the Company's general strategic objectives.

Saleable Resources in the Second Half of 2018

In the second half of 2018, the saleable housing area of Greentown Group is estimated to reach approximately 8.15 million sqm, with a total saleable amount to be approximately RMB168.9 billion. Of which, Greentown Group will have 108 investment projects for sale, which are expected to provide saleable area of approximately 4.17 million sqm and overall saleable amount of approximately RMB116.5 billion (of which, about RMB29.1 billion will be attributable to inventory projects from the first half of 2018, around RMB87.4 billion will be from new saleable properties). The saleable housing area in first- and second-tier cities will be approximately 2.44 million sqm, with a saleable amount of approximately RMB82.5 billion, accounting for 71% of the total saleable amount in the second half of 2018. In addition, the saleable area of Greentown's projects under project management is estimated to be approximately 3.98 million sqm, with a saleable amount of approximately RMB52.4 billion in the second half 2018.

In the future, Greentown China will seize the strategic opportunity as the PRC enters into the new era of urbanization and Chinese people begin to pursue a good life. With that in mind, it will stay committed to the principles of quality

Dalian Taoyuan Lane

growth and moderate expansion, and stay on track to develop a brand with its special characteristics. With the strong support from all shareholders, Greentown China will improve its core competitiveness through the strategy of "Balancing the Development of Light Assets and Heavy Assets", cope with the everchanging external environment and speed up its transformation to an "Integrated Service Provider for an Ideal Life", thereby delivering a better life for customers and creating value for its shareholders.

Financial Analysis

Revenue

The revenue of the Group mainly derives from the sales of properties, as well as from hotel operations, property rental, project management, sales of construction materials, design and decoration, etc. During the Period, the revenue of the Group amounted to RMB33,534 million, representing a 220.9% increase from RMB10,449 million for the corresponding period of 2017, which was mainly attributable to higher revenue from the sales of properties.

During the Period, the Group's revenue from property sales amounted to RMB31,420 million, accounting for 93.7% of the total revenue and representing an increase of 262.6% from RMB8,665 million for the corresponding period of 2017. Of the amount, the revenue recognized from properties delivered was RMB27,733 million, representing a 220.1% increase from the corresponding period of 2017. Meanwhile, the Group recognized the revenue of RMB3,687 million by applying IFRS 15 "Revenue from Contracts with Customers", which also contributed to the Group's revenue growth. During the Period, the higher sales revenue from properties delivered was mainly attributable to the increase in both the area and average selling price of properties delivered. The area of properties delivered during the Period grew by 165.3% to 1,486,273 sqm from 560,299 sqm for the corresponding period of 2017. The average selling price of properties delivered was RMB18,659 per sqm, representing an increase of 20.7% from RMB15,465 per sqm for the corresponding period of 2017. Such increases were mainly attributable to the fact that the Group focused more on core locations in core cities. Among the projects delivered during the Period, the projects from first- and second-tier cities accounted for a significantly higher proportion than the corresponding period of last year. In particular, the area of properties delivered and sales revenue generated under the Tianjin National Games Village account for 31.2% and 43.9% of the total amount respectively, with an average selling price of RMB26,226 per sqm, which has driven up the Group's average selling price to an extent.

Properties with the revenue recognized by subsidiaries for the first half of 2018 are as follows:

Projects	Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB/sqm)
Tianjin National Games Village	Integrated Community	464,080	12,171	38.7%	26,226
Chengdu Wenrude	High-rise Apartment, Villa	131,527	3,212	10.2%	24,421
Qingdao Ideal City	Integrated Community	186,259	2,470	7.9%	13,261
Shanghai Bund House	High-rise Apartment	17,626	2,371	7.5%	134,517
Jinan Yulan Garden	High-rise Apartment, Low-rise Apartment, Villa	138,342	1,418	4.5%	10,250
Yuyao Mingyuan	High-rise Apartment	90,330	1,165	3.7%	12,897
Qingdao Jiaozhou Lagerstroemia Square	High-rise Apartment	128,928	1,044	3.3%	8,098
Shengzhou Greentown Mansion	High-rise Apartment, Villa	85,248	1,026	3.3%	12,035
Hainan Blue Town	Integrated Community	26,682	763	2.4%	28,596
Hefei Jade Lake Rose Garden	High-rise Apartment, Villa	43,577	672	2.1%	15,421
Others		377,879	5,108	16.4%	13,518
Total		**1,690,478**	**31,420**	**100%**	**18,586**

Note: Area sold includes aboveground and underground areas.

During the Period, the revenue from property sales in Tianjin area was RMB12,171 million, accounting for 38.7% of the property sales and ranking top. Projects in Zhejiang area (excluding Hangzhou) achieved property sales revenue of RMB5,403 million, accounting for 17.2% of the property sales and ranking second. Projects in Shandong area achieved property sales revenue of RMB5,360 million, representing 17.1% of the property sales and ranking third.

During the Period, the Group's revenue from sales of high-rise apartments, low-rise apartments and serviced apartments amounted to RMB24,432 million, accounting for 77.8% of the property sales; the sales revenue from villas was RMB6,641 million, accounting for 21.1%, and that from offices was RMB347 million, accounting for 1.1%.

During the Period, the Group recorded RMB953 million in the revenue from its design and decoration business, representing an increase of RMB84 million or 9.7% from RMB869 million for the corresponding period of 2017. The high-end fit-out products and services provided by the Group's design and decoration business were highly recognized by customers, with the continuously stable expansion of business scale.

During the Period, the Group's revenue from project management amounted to RMB710 million, representing an increase of 33.7% from RMB531 million for the corresponding period of 2017. The Group stresses both the light-asset and heavy-asset aspects of its business in its development. Greentown Project Management maintains its leadership in the scale of project management. "Greentown Management" has become a well-received brand in the industry a benchmark for the project management sector. The project management business, as a whole, has displayed a good development momentum.

During the Period, the Group's revenue from hotel operations was RMB317 million, slightly higher than RMB293 million for the corresponding period of 2017.

Gross Profit and Gross Profit Margin

During the Period, the Group achieved gross profit of RMB6,078 million, representing a 196.8% increase from RMB2,048 million for the corresponding period of 2017, which mainly came from the higher gross profit due to the increase in area of properties delivered and property sales revenue during the Period.

During the Period, the Group recorded a gross profit margin of 18.1%. Excluding the fair value adjustment on the cost of sales which arises from the Group's acquisition of subsidiaries, the Group achieved a gross margin of 32.4% for the Period, representing a considerable increase from 27.5% during the corresponding period of 2017. In particular, the adjusted gross margin of 31.9% in property sales for the Period, which was significantly higher than 26.4% for the corresponding period of 2017. Such increase was mainly attributable to the high gross margins of property sales of Tianjin National Games Village, Qingdao Ideal City and Shanghai Bund House, all of which accounted for leading proportions of sales of properties delivered during the Period.

Other Income

During the Period, the Group recorded other income of RMB735 million, representing an increase of RMB386 million from RMB349 million for the corresponding period of 2017. Other income, mainly including interest income, dividends from equity instruments and comprehensive service income, grew by 110.6% compared with the corresponding period of last year. Such increase was mainly attributable to the fact that the Group added a relatively large number of new property development projects during the second half of 2017 and the first half of 2018, which led to an increase in the amount due from related parties and higher interest income.

Selling and Administrative Expenses

During the Period, the Group incurred selling expenses of RMB530 million and administrative expenses of RMB1,246 million. The aggregate amount of RMB1,776 million represents an increase of RMB329 million or 22.7% from RMB1,447 million for the corresponding period of 2017, which was mainly due to higher human resource cost as the Group added new projects on an expanding scale.

As the single largest expenditure in selling and administrative expenses, human resource cost amounted to RMB776 million for the Period (the corresponding period of 2017: RMB620 million), representing a year-on-year increase of 25.2%. Such increase was mainly due to the amortization of the new share options granted by the Group to the Directors and the senior management at the end of 2017 amounted to RMB65 million, which was included in human resource cost, and the Group recruited various mid to high-end professionals in line with its diversified business model to help deliver the strategic objective of stressing on both light assets and heavy assets.

During the Period, the expenses incurred in marketing activities amounted to RMB250 million (the corresponding period of 2017: RMB207 million), representing a year-on-year increase of RMB43 million or 20.8%, mainly owing to the Group's continuous significant increase in sales in the Period. The daily operating expenses amounted to RMB445 million (the corresponding period of 2017: RMB356 million), representing a year-on-year increase of 25%. This was mainly due to the increase in depreciation fee from new assets and the additional daily operation expenses arising from the expansion of the Group in the second half of 2017.

Finance Costs

During the Period, interest expenses recorded in the Group's condensed consolidated statement of profit or loss and other comprehensive income amounted to RMB627 million (the corresponding period of 2017: RMB736 million). Interest expenses for the Period totaled RMB2,526 million, representing an increase of RMB687 million from RMB1,839 million for the corresponding period of 2017, mainly due to the increase in projects under development and the weighted average of loan balance outstanding in the Period. The weighted average interest cost during the Period was 5.3%, representing a decrease from 5.6% for the corresponding period of 2017, which was mainly due to the Group's continuous optimization of its debt structure, active innovation of its financing model and expansion of its financing channels. In the meantime, the Group continued to promote property financialization and delivered a continuous decrease in finance costs. During the Period, capitalized interest amounted to RMB1,899 million, with a capitalization rate of 75.2% which represented an increase from 60% for the corresponding period of 2017. Such increase was mainly attributable to the acquisition of quality land plots since the fourth quarter in 2017 and the increase in borrowings.

Share of Results of Joint Ventures and Associates

During the Period, the Group's share of results of joint ventures and associates amounted to a gain of RMB10 million and RMB292 million respectively, totaling an aggregate gain of RMB302 million which represented a decrease of RMB74 million from RMB376 million for the corresponding period of 2017. The decrease was mainly due to a decline in the area of properties recognized by joint ventures and associates during the Period as compared with the corresponding period of last year. During the Period, the property revenue recognized by joint ventures and associates totaled RMB9,463 million, representing a decline of 8% from RMB10,288 million for the corresponding period of 2017. The property area recognized decreased by 17.1% to 458,604 sqm from 553,326 sqm for the corresponding period of 2017.

Projects with the revenue recognized by joint ventures and associates for the first half of 2018 are as follows:

Projects	Type	Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB/sqm)
Hangzhou Young City	Associate	High-Rise Apartment	144,618	2,939	31.1%	20,323
Hangzhou Wulin No. 1	Associate	High-Rise Apartment	5,166	393	4.2%	76,074
Jinan National Games Village	Associate	High-Rise Apartment, Villa	16,381	366	3.9%	22,343
Qingdao Deep Blue Center	Associate	High-Rise Apartment	5,650	342	3.6%	60,531
Wenzhou Xijiangyue	Associate	High-Rise Apartment	10,111	246	2.6%	24,330
Hangzhou Xixi Yunlu	Associate	Villa	3,802	236	2.5%	62,073
Hangzhou Phoenix Mansion	Joint Venture	High-Rise Apartment	15,244	932	9.8%	61,139
Wuxi Lihu Camphora Garden	Joint Venture	High-Rise Apartment	48,219	857	9.1%	17,773
Hangzhou Arcadia Town	Joint Venture	High-Rise Apartment, Villa	29,013	584	6.2%	20,129
Shenyang National Games Village	Joint Venture	High-Rise Apartment, Villa	42,083	368	3.9%	8,745
Others			138,317	2,200	23.1%	15,905
Total			**458,604**	**9,463**	**100%**	**20,634**

Note: Area sold includes aboveground and underground areas.

Taxation Expenses

During the Period, taxation included the land appreciation tax of RMB1,235 million (the corresponding period of 2017: RMB318 million) and enterprise income tax of RMB1,219 million (the corresponding period of 2017: RMB1,054 million). During the Period, the effective enterprise income tax rate was 26.9% (excluding the share of results of joint ventures and associates and the losses of certain offshore subsidiaries), higher than the statutory tax rate of 25%. This was mainly attributable to the early provision for withholding tax on dividend, the losses of certain onshore subsidiaries with unrecognized deferred tax assets and certain non-deductible expenses.

Provision of Impairment Losses for Certain Assets

In light of the rapid change of market environment, the Group conducted an impairment test on certain properties based on the principle of prudence during the Period. According to the test results, the Group provided for impairment loss of certain subsidiaries for their completed properties for sale during the Period as follows:

Name of Company	Name of Project	Impairment Losses (RMB million)
Zhuji Yuedu Real Estate Co., Ltd.	Zhuji Greentown Plaza	10
Xintai Greentown Real Estate Co., Ltd.	Xintai Yulan Garden	5
Total		**15**

In addition, through the application of IFRS 9 for the Period, an impairment loss of RMB39 million and RMB29 million was made on the amount due from related parties and trade and other receivables respectively, based on the expected credit loss impairment model and taking into account a comprehensive range of factors such as the objects of receivables and aging.

Hangzhou Arcadia Town

Contract Liabilities

Contract liabilities mainly represent the amounts received from the pre-sale of properties. As at 30 June 2018, the balance of contract liabilities of the Group was RMB58,911 million, representing a decrease of RMB6,989 million or 10.6% from RMB65,900 million which accounted as pre-sale deposits as at 31 December 2017.

As at 30 June 2018, the balance of contract liabilities of joint ventures and associates was RMB42,778 million, representing a decrease of RMB4,679 million or 9.9% from RMB47,457 million which accounted as pre-sale deposits as at 31 December 2017.

Such decrease in contract liabilities was mainly due to the higher revenue recognized for the Period, as well as retrospective adjustment to the opening amount of contract liabilities upon the application of IFRS 15 "Revenue from Contracts with Customers".

Financial Resources and Liquidity

As at 30 June 2018, the Group had bank balances and cash (including pledged bank deposits) of RMB44,418 million (as at 31 December 2017: RMB35,977 million). Total borrowings amounted to RMB73,219 million (as at 31 December 2017: RMB57,706 million) and net liabilities (total borrowings less bank balances and cash) amounted to RMB28,801 million (as at 31 December 2017: RMB21,729 million). The net gearing ratio was 55.1%, which is higher than the ratio of 46.4% as at 31 December 2017 but remains at a reasonable level. The closing balance of bank deposits and cash was 1.8 times the balance of borrowings due within one year. Cash flow was sufficient, coupled with a reasonable debt structure.

Greentown Group has obtained facilities of more than RMB209.6 billion from financial institutions, of which approximately RMB147.5 billion was available as of 30 June 2018.

Material Disposals

On 27 December 2017, the Group entered into an equity transfer agreement with a related party, Greentown Holdings Group Limited ("Greentown Holdings"), pursuant to which the Group agreed to transfer to Greentown Holdings its 100% equity interests in Hangzhou Rose Garden Resort Co., Ltd. (杭州玫瑰園度假村有限公司), a wholly-owned subsidiary of the Group, the assets of which comprise a piece of land and the hotel built thereon in Hangzhou, as well as 90% equity interests in Hangzhou Greentown Imports & Exports Trading Co., Ltd. (杭州綠城進出口貿易有限公司). The delivery and completion of the change of control took place on 3 January 2018. The consideration for the equity transfer was RMB287 million. Such disposals increased the profit attributable to the shareholders of the Company by RMB111 million for the Period.

For details of such equity transfer agreement, please refer to the connected transaction announcement of the Company dated 28 December 2017.

Business Combinations

Jinan Dongchuang Real Estate Co., Ltd. (濟南東創置業有限公司), formerly a joint venture of the Company, became a subsidiary of the Company due to changes in the control of voting rights as a result of business combination during the Period. The subsidiary holds and develops Jinan Yulan Garden. During such business combination in the Period, the Group re-measured the company's net assets at fair value, with the company's fair value gains re-calculated to be RMB591 million as at the date of acquisition. The gains from such business combination and the effect of fair value adjustments on costs added a total of RMB378 million to the Company's net profit.

Risks of Foreign Exchange Fluctuation

The principal place of operation of the Group is in the People's Republic of China, and the majority of the income and expenditure were settled in RMB. The Group had deposits in foreign currencies, amounts due from and to related parties and third parties denominated in foreign currencies, as well as bank borrowings and overseas senior notes balance at an aggregate amount of USD1,691 million. As such, the Group was exposed to foreign exchange risks. The Group's operating cash flow or liquidity is not subject to significant influence from fluctuations in exchange rates, but the Company is actively exploring foreign exchange hedging plans with major banks, though no foreign exchange hedging arrangements had been entered into as at 30 June 2018.

Financial Guarantees

The Group provided financial guarantees to banks for mortgage facilities granted to buyers of the Group's properties. As at 30 June 2018, such financial guarantees amounted to RMB35,245 million (as at 31 December 2017: RMB30,777 million).

Pledge of Assets

As at 30 June 2018, the Group pledged property, plant and equipment, prepaid lease payment, investment properties, properties for development, properties under development, completed properties for sale, pledged bank deposits, amounts due from related parties, interests in joint ventures and interests in associates, with an aggregate carrying value of RMB61,849 million (as at 31 December 2017: RMB42,359 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

Capital Commitments

As at 30 June 2018, the Group had contracted, but not provided for, capital expenditure commitments of RMB26,144 million (as at 31 December 2017: RMB19,815 million) in respect of properties for development, properties under development or construction in progress.

Capital Expenditure Plan

In consideration of the complicated and highly uncertain economic environment, the Group takes a prudent approach towards the use of funds to secure the capital chain. Currently, therefore, the Group has no material capital expenditure plan.

Human Resources

As at 30 June 2018, the Group employed a total of 5,612 employees (as at 31 December 2017: 5,446). The employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the Remuneration Committee and the Board on a regular basis. As an incentive for the employees, bonuses, cash awards and share options may also be granted to the employees based on their individual performance evaluation.

Zhoushan Zhujiajian Dongsha Resort

Hangzhou Arcadia Town

Corporate Governance

Corporate Governance Code

In the opinion of the Board, the Company had complied with the requirements of all the applicable code provisions set out in the Corporate Governance Code under Appendix 14 to the Listing Rules throughout the Reporting Period.

Compliance with the Model Code

The Company has adopted the Model Code under Appendix 10 to the Listing Rules as the code for the Company's securities transactions by the Directors. After specific enquiry, all Directors confirmed that they have complied with the Model Code throughout the Reporting Period. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on same terms as the Model Code.

Review of Interim Results

The interim results announcement and the interim report for the Reporting Period have been reviewed by the Audit Committee and approved by the Board.

Deloitte Touche Tohmatsu (DTT), the auditor of the Company, has performed a review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" on the interim financial information of the Group for the six months ended 30 June 2018 prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", and issued a review report dated 24 August 2018.

Hangzhou River South

Other Information

Directors' and Chief Executive's Interests in Securities

As at 30 June 2018, the interests and short positions of Directors and chief executive of the Company and their associates in the Shares, underlying shares and debentures of the Company and any of its associated corporations, as recorded in the register required to be maintained by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long Positions in Shares and Underlying Shares of the Company

Name of Director	Personal Interests in Underlying Shares (Share options Granted to Directors)	Family interests	Interest of Controlled Corporation	Total Number of Shares and Underlying Shares Held	% of Issued Share Capital of the Company Held
Mr SONG Weiping	8,150,000 (note 1)	–	226,071,924 (note 2)	234,221,924	10.805%
Mr LIU Wensheng	7,400,000 (note 1)	–	–	7,400,000	0.341%
Mr CAO Zhounan (Resigned on 1 August 2018)	11,559,000 (note 3)	–	1,961,500 (note 4)	13,520,500	0.624%
Mr LI Qingan	6,500,000 (note 1)	–	–	6,500,000	0.3%
Mr LI Yongqian	5,700,000 (note 1)	–	–	5,700,000	0.263%
Mr LI Jun	1,900,000 (note 1)	–	–	1,900,000	0.088%

Notes:

(1) It represents the share options granted on 27 December 2017 pursuant to the 2016 Share Option Scheme and are only exercisable on the date, on which the latest closing price per share stated on the daily quotation sheet of the Stock Exchange is at least 30% higher than the initial exercise price of HK$9.10 per share, between 27 December 2017 to 26 December 2027.

(2) Mr SONG Weiping, being the sole shareholder of Delta House Limited ("Delta"), is deemed to be interested in 126,071,924 Shares held by Delta pursuant to Part XV of the SFO. Hong Kong Orange Osmanthus Foundation Limited ("HKOO Foundation") is a company limited by guarantee and established by Mr SONG Weiping as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG Weiping is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr SONG Weiping is deemed to be interested in 100,000,000 Shares held by HKOO Foundation notwithstanding that Mr SONG Weiping is not beneficially interested in such Shares.

(3) It includes (i) 3,359,000 share options granted on 13 May 2009 pursuant to the 2006 Share Option Scheme and are exercisable at the price of HK$7.16 per share from 13 May 2009 to 12 May 2019; (ii) 7,600,000 share options granted on 27 December 2017 pursuant to the 2016 Share Option Scheme and are only exercisable on the date, on which the latest closing price per share stated on the daily quotation sheet of the Stock Exchange is at least 30% higher than the initial exercise price of HK$9.10 per share, between 27 December 2017 to 26 December 2027; and (iii) 600,000 Shares acquired on 29 March 2018 at the average price of HK$10.667 per share. The aforesaid represents an aggregate of 11,559,000 Shares.

(4) Mr CAO Zhounan, being a shareholder holding 60% of the equity interest of Hangzhou Chengxun Investment Management Co., Ltd. ("Hangzhou Chengxun"), is deemed to be interested in 1,961,500 Shares held by Hangzhou Chengxun pursuant to Part XV of the SFO.

Save as disclosed above, as at 30 June 2018, none of the Directors and chief executive of the Company had any interest or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations, as recorded in the register required to be maintained by the Company pursuant to Section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests in Securities

The register of substantial shareholders required to be maintained by the Company pursuant to Section 336 of the SFO shows that, as at 30 June 2018, the following shareholders, other than those disclosed in the section headed "Directors' and Chief Executive's Interests in Securities", had notified the Company of relevant interests in the Shares and underlying shares of the Company:

Name of Substantial Shareholder	Interests or Short Positions in the Shares or Underlying Shares (note 1)	Capacity in which Interests are Held	% of Issued Share Capital of the Company Held
CCCG (note 2)	624,851,793 (L)	Interest of controlled corporations	28.826%
CCCG Holding (HK) Limited (note 3)	524,851,793 (L)	Beneficial owner	24.213%
HSBC Trustee (C.I.) Limited (note 4)	540,589,293 (L)	Interest of controlled corporations	24.939%
Wheelock and Company Limited ("Wheelock") (note 5)	540,589,293 (L)	Interest of controlled corporations	24.939%
Wharf (note 6)	540,589,293 (L)	Interest of controlled corporations	24.939%
Ms XIA Yibo (note 7)	234,221,924 (L)	Interest of spouse	10.805%
Chain Billion Limited ("CB") (Note 8)	174,549,783 (L)	General Partner of limited partnerships	8.05%
Ping An Securities Group (Holdings) Limited ("Pingan") (Note 9)	174,549,783 (L)	Interest of controlled corporations	8.05%
Ms CUI Xintong (Note 10)	174,549,783 (L)	Founder of a discretionary trust who can influence how the trustee exercises his discretion	8.05%
Mr LEE Kenyi Terence (Note 11)	174,549,783 (L)	Interest of spouse	8.05%
Chong Sing Holdings FinTech Group Company Limited ("Chong Sing") (Note 12)	174,549,783 (L)	Interest of controlled corporations	8.05%
Delta (note 13)	126,071,924 (L)	Beneficial owner	5.816%
HKOO Foundation (note 13)	100,000,000 (L)	Beneficial owner	4.613%

Notes:

(1) The letter "L" denotes a long position. The letter "S" denotes a short position.

(2) CCCG is deemed to be interested in 624,851,793 Shares through its controlled corporations, namely CCCG Real Estate Group Co., Ltd.* (中交房地產集團有限公司) (which is wholly-owned by CCCG) and CCCG Holding (HK) Limited and CCCG Real Estate Holding Limited (each of which is wholly-owned by CCCG Real Estate Group Co., Ltd.).

(3) A company controlled by CCCG by virtue of the SFO.

(4) HSBC Trustee (C.I.) Limited is deemed to be interested in 540,589,293 Shares through its controlled corporations, namely Wheelock, Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart Investments Limited ("Target Smart").

(5) Wheelock is deemed to be interested in 540,589,293 Shares through its controlled corporations, namely Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart.

(6) Wharf is deemed to be interested in 540,589,293 Shares through its controlled corporations, namely Wharf China Holdings Limited and Target Smart.

(7) Ms XIA Yibo is the spouse of Mr SONG Weiping. Accordingly, pursuant to Part XV of the SFO, Ms XIA Yibo is deemed to be interested in: (i) 126,071,924 Shares held by Delta, a company of which Mr SONG Weiping is the sole shareholder; (ii) 100,000,000 Shares held by HKOO Foundation, a charitable institution established by Mr SONG Weiping of which Mr SONG Weiping is the sole member (notwithstanding that neither Mr SONG Weiping nor Ms XIA Yibo is beneficially interested in those Shares); and (iii) 8,150,000 share options of the Company held by Mr SONG Weiping. The aforesaid represents an aggregate of 234,221,924 Shares.

(8) Based on publicly available information, CB is general partner of two limited partnerships, LP1 and LP2. LP1 and LP2 are beneficially interested in 91,772,639 and 82,777,144 shares of the Company respectively. As a general partner of LP1 and LP2, CB does not have interest in shares of the Company in the capacity as beneficial owner of those shares, on the premises that such beneficial ownership resides in the relevant limited partnership.

(9) Based on publicly available information, Pingan is deemed to be interested in 174,549,783 shares of the Company through its controlled corporations, namely First Pioneer Holdings Limited ("First Pioneer") (which is wholly owned by Pingan) and CB (which is wholly owned by First Pioneer).

(10) Based on publicly available information, Ms CUI Xintong is deemed to be interested in 174,549,783 shares of the Company, as founder of a discretionary trust who can influence how the trustee (being TMF (Cayman) Ltd. ("TMF")) exercises its discretion. TMF is deemed to be interested in 174,549,783 shares of the Company through its controlled corporations, namely Deep Wealth Holding Limited ("Deep Wealth") (which is wholly owned by TMF), Charm Success Group Limited ("Charm Success") (which is wholly owned by Deep Wealth), King Focus International Limited ("King Focus") (which is owned 49% by Charm Success), Well Up (Hong Kong) Limited ("Well Up") (which is wholly owned by King Focus), and Pingan (which is owned 63.43% by Well Up).

(11) Based on publicly available information, Mr LEE Kenyi Terence is the spouse of Ms CUI Xintong.

(12) Based on publicly available information, Chong Sing is deemed to be interested in 174,549,783 shares of the Company through its controlled corporations, namely Ever Step Holdings Limited ("Ever Step") (which is wholly owned by Chong Sing), King Focus (which is owned 37% by Ever Step), Well Up (which is wholly owned by King Focus), and Pingan (which is owned 63.43% by Well Up).

(13) A company controlled by Mr SONG Weiping by virtue of the SFO, of which Mr SONG Weiping is the sole member. HKOO Foundation is a company limited by guarantee and established by Mr SONG Weiping as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG Weiping is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr SONG Weiping is deemed to be interested in 100,000,000 Shares held by HKOO Foundation notwithstanding that Mr SONG Weiping is not beneficially interested in such Shares.

Save as disclosed above, as at 30 June 2018, the Company has not been notified of any other interests or short positions notifiable to the Company held by any other person in the Shares or underlying shares of the Company required to be recorded under section 336 of the SFO.

Share Option Scheme

Details of the share options of the Company granted, exercised and cancelled pursuant to the 2006 Share Option Scheme during the six months ended 30 June 2018 were as follows:

Name of Grantee	No. of Share Options Outstanding at the Beginning of the Period	No. of Share Options Granted during the Period	No. of Share Options Exercised during the Period	No. of Share Options Cancelled during the Period	No. of Share Options Lapsed during the Period	No. of Share Options Outstanding at the End of the Period	Date of Grant	Period during which Share Options are Exercisable	Exercise Price per Share (HK$)
Directors									
Mr SONG Weiping	544,500	–	544,500	–	–	–	22 January 2009	22 January 2009 to 21 January 2019	2.89
	272,250	–	272,250	–	–	–	22 January 2009	22 January 2010 to 21 January 2019	2.89
	272,250	–	272,250	–	–	–	22 January 2009	22 January 2011 to 21 January 2019	2.89
	1,089,000	–	1,089,000	–	–	–			
Mr CAO Zhounan	59,000	–	–	–	–	59,000	13 May 2009	13 May 2011 to 12 May 2019	7.16
	3,300,000	–	–	–	–	3,300,000	13 May 2009	13 May 2012 to 12 May 2019	7.16
	3,359,000	–	–	–	–	3,359,000			
Employees									
Certain other employees of the Company's subsidiaries, associates and joint ventures	802,500	–	190,500	–	–	612,000	22 January 2009	22 January 2009 to 21 January 2019	2.89
	1,060,250	–	236,750	–	–	823,500	22 January 2009	22 January 2010 to 21 January 2019	2.89
	2,092,750	–	480,250	–	–	1,612,500	22 January 2009	22 January 2011 to 21 January 2019	2.89
	13,003,750	–	57,000	–	–	12,946,750	22 June 2009	22 June 2009 to 21 June 2019	11.00
	7,113,875	–	38,000	–	–	7,075,875	22 June 2009	22 June 2010 to 21 June 2019	11.00
	7,375,375	–	18,000	–	–	7,357,375	22 June 2009	22 June 2011 to 21 June 2019	11.00
	7,500,000	–	–	–	–	7,500,000	17 July 2009	17 July 2009 to 16 July 2019	11.59
	3,750,000	–	–	–	–	3,750,000	17 July 2009	17 July 2010 to 16 July 2019	11.59
	3,750,000	–	–	–	–	3,750,000	17 July 2009	17 July 2011 to 16 July 2019	11.59
	46,448,500	–	1,020,500	–	–	45,428,000			
Certain employees of Greentown Property Services Group Co., Limited., Hangzhou Jinshagang Travel Cultural Co., Ltd. and Greentown Holdings Group Limited, all being affiliates of Mr SONG Weiping and Mr SHOU Bainian	872,500	–	–	–	–	872,500	22 June 2009	22 June 2009 to 21 June 2019	11.00
	436,250	–	–	–	–	436,250	22 June 2009	22 June 2010 to 21 June 2019	11.00
	436,250	–	–	–	–	436,250	22 June 2009	22 June 2011 to 21 June 2019	11.00
	1,745,000	–	–	–	–	1,745,000			
Total	52,641,500	–	2,109,500	–	–	50,532,000			

Details of the Company's share options granted, exercised and cancelled pursuant to the 2016 Share Option Scheme during the six months ended 30 June 2018 were as follows:

Name of Grantee	No. of Share Options Outstanding at the Beginning of the Period	No. of Share Options Granted during the Period	No. of Share Options Exercised during the Period	No. of Share Options Cancelled during the Period	No. of Share Options Lapsed during the Period	No. of Share Options Outstanding at the End of the Period	Date of Grant	Period during which Share Options are Exercisable	Exercise Price per Share (HK$)
Directors									
Mr SONG Weiping	2,445,000	–	–	–	–	2,445,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	2,445,000	–	–	–	–	2,445,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	1,630,000	–	–	–	–	1,630,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	815,000	–	–	–	–	815,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	815,000	–	–	–	–	815,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	8,150,000	–	–	–	–	8,150,000			
Mr LIU Wensheng	2,220,000	–	–	–	–	2,220,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	2,220,000	–	–	–	–	2,220,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	1,480,000	–	–	–	–	1,480,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	740,000	–	–	–	–	740,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	740,000	–	–	–	–	740,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	7,400,000	–	–	–	–	7,400,000			
Mr CAO Zhounan	2,280,000	–	–	–	–	2,280,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	2,280,000	–	–	–	–	2,280,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	1,520,000	–	–	–	–	1,520,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	760,000	–	–	–	–	760,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	760,000	–	–	–	–	760,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	7,600,000	–	–	–	–	7,600,000			
Mr LI Qingan	1,950,000	–	–	–	–	1,950,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	1,950,000	–	–	–	–	1,950,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	1,300,000	–	–	–	–	1,300,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	650,000	–	–	–	–	650,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	650,000	–	–	–	–	650,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	6,500,000	–	–	–	–	6,500,000			

Name of Grantee	No. of Share Options Outstanding at the Beginning of the Period	No. of Share Options Granted during the Period	No. of Share Options Exercised during the Period	No. of Share Options Cancelled during the Period	No. of Share Options Lapsed during the Period	No. of Share Options Outstanding at the End of the Period	Date of Grant	Period during which Share Options are Exercisable	Exercise Price per Share (HK$)
Mr LI Yongqian	1,710,000	–	–	–	–	1,710,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	1,710,000	–	–	–	–	1,710,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	1,140,000	–	–	–	–	1,140,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	570,000	–	–	–	–	570,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	570,000	–	–	–	–	570,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	5,700,000	–	–	–	–	5,700,000			
Mr LI Jun	570,000	–	–	–	–	570,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	570,000	–	–	–	–	570,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	380,000	–	–	–	–	380,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	190,000	–	–	–	–	190,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	190,000	–	–	–	–	190,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	1,900,000	–	–	–	–	1,900,000			
Employees									
Certain other employees of the Company's subsidiaries, associates and jointly controlled entities	18,825,000	–	–	–	–	18,825,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	18,825,000	–	–	–	–	18,825,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	12,550,000	–	–	–	–	12,550,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	6,275,000	–	–	–	–	6,275,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	6,275,000	–	–	–	–	6,275,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	62,750,000	–	–	–	–	62,750,000			
Total	100,000,000	–	–	–	–	100,000,000			

The vesting period of the above share options is from the date of grant until the commencement of the period during which they are exercisable.

During the Period, 2,109,500 share options were exercised and no share option was cancelled or lapsed.

For other details regarding the share option scheme(s) of the Company, please refer to note 26 to the consolidated financial statements of the Company in this report.

The 2006 Share Option Scheme has been terminated upon adoption of the 2016 Share Option Scheme by ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 17 June 2016 (the "Effective Date"). Upon termination of the 2006 Share Option Scheme, no further options of the 2006 Share Option Scheme can be offered thereunder but the provisions of the scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to its termination, and options granted prior to such termination shall continue to be valid and exercisable. The 2016 Share Option Scheme was adopted for the primary purpose of providing incentives and/or reward to directors and employees of the Group and will expire on 16 June 2026 unless otherwise cancelled or amended. Under the Share Option Scheme, the Board may grant options to eligible employees to subscribe for shares in the Company. The eligible participants of the Share Option Scheme are any director or employee of the Group and any other person (including a consultant or adviser) who in the sole discretion of the Board has contributed or will contribute to the Group. The offer of a grant of share options may be accepted within 21 days from the date of grant, upon receipt by the Company of the payment of a consideration of HK$1 and signed acceptance of offer by the eligible participant.

Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of shares in respect of the options may be granted under the Share Option Scheme shall not exceed 10% of the shares of the Company in issue as at the adoption date. 100,000,000 shares options were granted on 27 December 2017 under the scheme.

The total number of Shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. The number of Shares issued and to be issued in respect of which share options granted or may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. Share options granted to independent non-executive Directors and substantial shareholders of the Company in excess of 0.1% of the Company's issued share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Share options may be exercised at any time from the date of grant of the share option to the expiry of the Share Option Scheme, unless otherwise specified in the Share Option Scheme. The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the Shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the Shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares.

Updates on Directors' Information under Rule 13.51B of the Listing Rules

There is no information in respect of any director(s) of the Company required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

Purchase, Sale or Redemption of the Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold the Company's listed securities during the Reporting Period.

Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2018 (for the six months ended 30 June 2017: Nil).

Appreciation

The Board would like to take this opportunity to express gratitude to our shareholders, customers, suppliers, banks, professional parties and employees for their continuous patronage and support to the Group.

By order of the Board
Co-chairman
SONG Weiping LIU Wensheng

Hangzhou, the PRC
24 August 2018

Report on Review of Condensed Consolidated Financial Statements

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF GREENTOWN CHINA HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Greentown China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 102, 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 International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 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 IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

24 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	4	**33,533,600**	10,449,095
Cost of sales		**(27,455,337)**	(8,401,054)
Gross profit		**6,078,263**	2,048,041
Other income	5	**734,996**	348,951
Other gains and losses	6	**(136,797)**	233,693
Selling expenses		**(530,128)**	(521,942)
Administrative expenses		**(1,245,869)**	(924,971)
Finance costs	7	**(627,128)**	(736,038)
(Provision) reversal of impairment losses on trade and other receivables	17	**(28,699)**	8,266
Impairment losses on amounts due from related parties	17	**(38,534)**	(32,381)
Impairment losses on completed properties for sale		**(14,970)**	(39,489)
Gain from changes in fair value of an investment property		**–**	252,214
Fair value changes on senior notes' early redemption options		**–**	(5,475)
Gain on acquisition of subsidiaries	27	**–**	8,931
Gain on re-measurement of associates and a joint venture to acquisition date fair value in business combination achieved in stages	27	**590,752**	421
Net gain on disposal of subsidiaries	28	**490,551**	1,625,655
Share of results of associates		**292,556**	476,099
Share of results of joint ventures		**9,735**	(100,362)
Profit before taxation	8	**5,574,728**	2,641,613
Taxation	9	**(2,453,636)**	(1,371,996)
Profit for the period		**3,121,092**	1,269,617
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Fair value gain on equity instruments at fair value through other comprehensive income		**123,208**	–
Item that may be reclassified subsequently to profit or loss:			
Fair value gain on available-for-sale investments		**–**	194,006
Other comprehensive income for the period (net of tax)		**123,208**	194,006
Total comprehensive income for the period		**3,244,300**	1,463,623
Profit for the period attributable to:			
Owners of the Company		**2,334,963**	1,228,919
Non-controlling interests		**786,129**	40,698
		3,121,092	1,269,617
Total comprehensive income attributable to:			
Owners of the Company		**2,458,171**	1,422,925
Non-controlling interests		**786,129**	40,698
		3,244,300	1,463,623
Earnings per share	11		
Basic		**RMB0.94**	RMB0.46
Diluted		**RMB0.93**	RMB0.46

Condensed Consolidated Statement of Financial Position

AS at 30 June 2018

	Notes	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	**7,906,688**	7,713,259
Investment properties		**2,716,575**	2,716,396
Goodwill		**769,241**	769,241
Interests in associates		**9,191,593**	7,777,384
Interests in joint ventures		**1,812,568**	1,897,467
Available-for-sale investments		**–**	983,830
Equity instruments at fair value through other comprehensive income		**1,154,943**	–
Prepaid lease payment		**720,332**	738,163
Rental paid in advance		**25,607**	12,149
Deferred tax assets		**1,383,409**	1,586,225
Prepayments		**1,647,100**	–
		27,328,056	24,194,114
CURRENT ASSETS			
Properties for development	13	**40,623,829**	25,467,537
Properties under development	14	**86,605,387**	83,149,261
Completed properties for sale		**12,374,788**	20,650,760
Inventories		**115,366**	406,754
Trade and other receivables, deposits and prepayments	15	**6,359,595**	9,028,797
Contract assets and contract costs	16	**1,990,817**	–
Amounts due from related parties		**31,576,563**	28,346,684
Prepaid income taxes		**2,752,527**	4,266,197
Prepaid other taxes		**3,248,784**	3,001,285
Pledged bank deposits	30	**5,497,394**	5,907,338
Bank balances and cash		**38,920,914**	30,070,092
		230,065,964	210,294,705
Assets classified as held for sale	28	**–**	1,339,427
		230,065,964	211,634,132
CURRENT LIABILITIES			
Trade and other payables	18	**22,662,997**	21,255,077
Pre-sale deposits		**–**	65,900,213
Contract liabilities		**58,910,579**	–
Amounts due to related parties		**37,176,268**	29,895,503
Dividend payable	10	**433,536**	–
Income taxes payable		**6,169,418**	7,067,640
Other taxes payable		**1,131,535**	656,693
Bank and other borrowings	19	**18,640,272**	12,732,906
Corporate debt instruments	21	**6,035,312**	4,951,618
		151,159,917	142,459,650

AS at 30 June 2018

	Notes	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Liabilities associated with assets classified as held for sale	28	–	1,128,538
		151,159,917	143,588,188
NET CURRENT ASSETS		**78,906,047**	68,045,944
TOTAL ASSETS LESS CURRENT LIABILITIES		**106,234,103**	92,240,058
NON-CURRENT LIABILITIES			
Bank and other borrowings	19	**24,006,640**	24,449,759
Senior notes	20	**3,211,638**	3,149,003
Corporate debt instruments	21	**19,731,691**	10,831,086
Receipts under securitisation arrangements	22	**1,593,531**	1,591,891
Amount due to a related party		**218,017**	–
Deferred tax liabilities		**5,229,174**	5,423,880
		53,990,691	45,445,619
		52,243,412	46,794,439
CAPITAL AND RESERVES			
Share capital	23	**209,414**	209,240
Reserves		**28,906,186**	26,269,450
Equity attributable to owners of the Company		**29,115,600**	26,478,690
Perpetual securities	24	**8,603,949**	8,603,949
Non-controlling interests		**14,523,863**	11,711,800
		52,243,412	46,794,439

The condensed consolidated financial statements on pages 38 to 102 were approved and authorised for issue by the Board of Directors on 24 August 2018 and are signed on its behalf by:

ZHANG Yadong
DIRECTOR

Li Qing'an
DIRECTOR

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	Special reserve RMB'000 (i)	Statutory reserve RMB'000 (ii)	Share option reserve RMB'000	Revaluation reserve RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Perpetual securities RMB'000	Non-controlling Interests RMB'000	Total RMB'000
At 1 January 2017 (audited)	209,034	8,545,667	(1,508,393)	1,860,989	212,992	86,498	15,283,531	24,690,318	5,598,919	9,037,406	39,326,643
Profit for the period	–	–	–	–	–	–	1,228,919	1,228,919	–	40,698	1,269,617
Other comprehensive income for the period	–	–	–	–	–	194,006	–	194,006	–	–	194,006
Total comprehensive income for the period	–	–	–	–	–	194,006	1,228,919	1,422,925	–	40,698	1,463,623
Dividends recognised as distributions (note 10)	–	–	–	–	–	–	(259,583)	(259,583)	–	–	(259,583)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(226,955)	(226,955)
Transfer (ii)	–	–	–	131,714	–	–	(131,714)	–	–	–	–
Exercise of share options	98	3,871	–	–	(1,141)	–	–	2,828	–	–	2,828
Distribution relating to perpetual securities (note 24)	–	–	–	–	–	–	(229,994)	(229,994)	–	–	(229,994)
Acquisition of subsidiaries (note 27)	–	–	–	–	–	–	–	–	–	25,848	25,848
Purchase of additional interest in subsidiaries	–	–	(21,340)	–	–	–	–	(21,340)	–	(4,660)	(26,000)
Partial disposal of interest in subsidiaries	–	–	(40)	–	–	–	–	(40)	–	34,205	34,165
Disposal of subsidiaries (note 28)	–	–	–	–	–	–	–	–	–	(9,361)	(9,361)
Liquidation of a subsidiary	–	–	–	–	–	–	–	–	–	(39,200)	(39,200)
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	461,500	461,500
At 30 June 2017 (unaudited)	209,132	8,549,538	(1,529,773)	1,992,703	211,851	280,504	15,891,159	25,605,114	5,598,919	9,319,481	40,523,514

For the six months ended 30 June 2018

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000 (i)	Statutory reserve RMB'000 (ii)	Share option reserve RMB'000	Revaluation reserve RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Perpetual securities RMB'000	Non-controlling Interests RMB'000	Total RMB'000
At 31 December 2017 (audited)	209,240	8,553,855	(1,586,918)	1,917,456	212,341	470,274	16,702,442	26,478,690	8,603,949	11,711,800	46,794,439
Adjustment on adoption of IFRS 9 and IFRS 15, net of tax (note 2)	–	–	–	–	–	39,693	1,028,556	1,068,249	–	566,058	1,634,307
At 1 January 2018 (restated)	209,240	8,553,855	(1,586,918)	1,917,456	212,341	509,967	17,730,998	27,546,939	8,603,949	12,277,858	48,428,746
Profit for the period	–	–	–	–	–	–	2,334,963	2,334,963	–	786,129	3,121,092
Other comprehensive income for the period	–	–	–	–	–	123,208	–	123,208	–	–	123,208
Total comprehensive income for the period	–	–	–	–	–	123,208	2,334,963	2,458,171	–	786,129	3,244,300
Dividends recognised as distributions (note 10)	–	–	–	–	–	–	(433,536)	(433,536)	–	–	(433,536)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(102,188)	(102,188)
Transfer (ii)	–	–	–	33,086	–	–	(33,086)	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	64,902	–	–	64,902	–	–	64,902
Exercise of share options	174	8,092	–	–	(2,504)	–	–	5,762	–	–	5,762
Distribution relating to perpetual securities (note 24)	–	–	–	–	–	–	(288,490)	(288,490)	–	–	(288,490)
Acquisition of subsidiaries (note 27)	–	–	–	–	–	–	–	–	–	1,234,230	1,234,230
Purchase of additional interest in subsidiaries	–	–	(237,235)	–	–	–	–	(237,235)	–	(50,619)	(287,854)
Partial disposal of interest in subsidiaries	–	–	(913)	–	–	–	–	(913)	–	40,913	40,000
Disposal of subsidiaries (note 28)	–	–	–	–	–	–	–	–	–	(18,650)	(18,650)
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	356,190	356,190
At 30 June 2018 (unaudited)	209,414	8,561,947	(1,825,066)	1,950,542	274,739	633,175	19,310,849	29,115,600	8,603,949	14,523,863	52,243,412

Notes:

(i) Special reserve mainly represents changes in equity attributable to owners' of the Company risen from partial acquisition or disposal of subsidiaries without losing control over those subsidiaries by the Group. The changes are calculated based on the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received for the partial acquisition or disposal.

(ii) The statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the relevant companies in accordance with the relevant laws and regulations of the People's Republic of China ("the PRC"). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

		six months ended 30 June	
	Notes	**2018** **RMB'000** **(Unaudited)**	2017 RMB'000 (Unaudited)
Net cash used in operating activities		**(7,780,746)**	(10,218,728)
Net cash from (used in) investing activities			
Purchase of property, plant and equipment		**(1,305,586)**	(20,184)
Purchase of investment property		**(179)**	–
Proceeds from disposal of property, plant and equipment		**29,918**	23,414
Investments in associates		**(417,509)**	(695,100)
Investments in joint ventures		**(73,229)**	(173,120)
Disinvestments in joint ventures		**–**	50,000
Dividends received from associates and joint ventures		**473,154**	1,055,146
Dividends received from available-for-sale investments		**–**	10,397
Dividends received from equity instruments at fair value through other comprehensive income		**38,793**	–
Purchase of available-for-sale investments		**–**	(86,627)
Proceeds from disposal of equity instruments at fair value through other comprehensive income		**1,054**	–
Proceeds from disposal of interests in associates		**3,500**	10,375
Consideration paid for acquisition and partial acquisition of subsidiaries recognised in prior year		**–**	(226,892)
Consideration received for disposal of subsidiaries recognised in prior year		**861,154**	78,538
Acquisition of subsidiaries which constitute business (net of cash and cash equivalents acquired)	27	**433,093**	477,334
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	28	**(79,194)**	120,825
Advance to third parties		**(1,012,817)**	(25,735)
(Advance to) repayment from related parties		**(1,345,905)**	2,143,805
Decrease (increase) in pledged bank deposits		**409,944**	(2,594,825)
Interest received		**738,796**	173,023
		(1,245,013)	320,374

For the six months ended 30 June 2018

	six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash from financing activities		
Bank and other borrowings raised	**21,033,003**	16,546,567
Repayment of bank and other borrowings	**(12,866,095)**	(11,202,236)
Interest paid	**(2,424,154)**	(1,653,728)
Advances from related parties	**2,404,173**	7,988,930
Contribution by non-controlling shareholders of subsidiaries	**356,190**	461,500
Dividends paid to non-controlling interests	**(102,188)**	(266,155)
Distribution relating to perpetual securities	**(288,490)**	(229,994)
Proceeds from issue of corporate debt instruments	**9,961,877**	7,449,007
Proceeds from exercise of share options	**5,762**	2,828
Purchase of additional interests in subsidiaries	**(287,854)**	(26,000)
Proceeds from partial disposal of subsidiaries	**40,000**	34,165
	17,832,224	19,104,884
Net increase in cash and cash equivalents	**8,806,465**	9,206,530
Cash and cash equivalents at 1 January	**30,070,092**	22,677,917
Effect of foreign exchange rate changes	**44,357**	(37,344)
Cash and cash equivalents at 30 June, represented by bank balances and cash	**38,920,914**	31,847,103

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") as well as 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 "Listing Rules").

2. Principal Accounting Policies

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

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("IFRSs"), 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 consolidated financial statements for the year ended 31 December 2017.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB 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:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014-2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

The new and amendments to IFRSs 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. Principal Accounting Policies (continued)

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

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

The Group recognises revenue from the following major sources under IFRS 15:

- property sales
- hotel operations
- project management
- design and decoration
- sales of construction materials

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Revenue from property sales is recognised in the ordinary course of business when the respective properties have been completed and delivered to the customers at a single time expect for revenue from certain properties which have no alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from the customer for performance completed to date is recognised over time on a cost-to-cost method based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

Revenue from hotel service is recognised overtime on a straight line basis over the period of service.

Revenue from project management service and design and decoration service is recognised over time on a cost-to-cost method based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

Revenue from sales of construction materials is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer.

The Group has applied IFRS 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 profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS 15, the Group has elected to apply the IFRS 15 retrospectively only to contracts that are not completed at 1 January 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 *Revenue* and IAS 11 *Construction Contracts* and the related interpretations.

For the six months ended 30 June 2018

2. Principal Accounting Policies (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

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

IFRS 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 IFRS 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.

2. Principal Accounting Policies (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 15 (continued)

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.

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

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

2. Principal Accounting Policies (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 15 (continued)

Variable consideration

For project management contracts that contain variable consideration based on the future pre-sales amount of the project, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

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 the transaction price for any significant financing component.

For the six months ended 30 June 2018

2. Principal Accounting Policies (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 15 (continued)

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 sales commissions 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.

2.1.2 Summary of effects arising from initial application of IFRS 15

The effects of the adoption of IFRS 15 are as follows:

Presentation of contract assets and liabilities

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under IFRS 15:

- Contract liabilities for progress billing recognised in relation to property sales, project management and decoration and design were previously presented as pre-sale deposits.

- Contract assets recognised in relation to project management and decoration and design activities were previously presented as trade and other receivables, deposits and prepayments and inventories.

2. Principal Accounting Policies (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

2.1.2 Summary of effects arising from initial application of IFRS 15 (continued)

Accounting for property sales

In prior reporting periods, the Group accounted for property sales in the ordinary course of business when the respective properties have been completed and delivered to the customers at a single time.

Under IFRS 15, when the properties that have no alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from the customer for performance completed to date, the Group recognises revenue as the performance obligations are satisfied over time in accordance with the input method for measuring progress.

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract assets. The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

Accounting for costs incurred to obtain a contract

Following the adoption of IFRS 15, costs such as sales commissions incurred directly attributable to obtaining a contract, if recoverable, are capitalised and recorded in contract costs.

Accounting for significant financing component

For contracts where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price is adjusted for the effects of a financing component, if significant.

The following table summarises the impact of transition to IFRS 15 on retained profits at 1 January 2018.

	Notes	Impact of adopting IFRS 15 at 1 January 2018 RMB'000
Retained profits		
Revenue from property sales recognised over time	(a)	643,753
Recognition of contract costs	(b)	103,282
Effects on share of results of associates and joint ventures	(c)	515,938
Impact at 1 January 2018		1,262,973

2. Principal Accounting Policies (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

2.1.2 Summary of effects arising from initial application of IFRS 15 (continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017 RMB'000	Reclassification RMB'000 notes (e) (f)	Remeasurement RMB'000 notes (a) (b) (c) (d)	Carrying amounts under IFRS 15 at 1 January 2018* RMB'000
Non-current Assets				
Interests in associates	7,777,384	–	334,698	8,112,082
Interests in joint ventures	1,897,467	–	181,240	2,078,707
Deferred tax assets	1,586,225	–	(85,284)	1,500,941
Current Assets				
Properties under development	83,149,261	–	(2,822,850)	80,326,411
Inventories	406,754	(228,333)	–	178,421
Trade and other receivables, deposits and prepayments	9,028,797	(254,670)	–	8,774,127
Contract assets and contract costs	–	483,003	1,002,108	1,485,111
Prepaid income taxes	4,266,197	–	(265,456)	4,000,741
Prepaid other taxes	3,001,285	–	(305,906)	2,695,379
Capital and Reserves				
Reserves	26,269,450	–	1,262,973	27,532,423
Non-controlling interests	11,711,800	–	566,058	12,277,858
Current Liabilities				
Trade and other payables	21,255,077	–	1,368,302	22,623,379
Pre-sale deposits	65,900,213	(65,900,213)	–	–
Income taxes payable	7,067,640	–	75,733	7,143,373
Other taxes payable	656,693	–	473,878	1,130,571
Contract liabilities	–	65,900,213	(6,033,541)	59,866,672
Non-current liabilities				
Deferred tax liabilities	5,423,880	–	325,147	5,749,027

* The amounts in this column are before the adjustments from the application of IFRS 9.

For the six months ended 30 June 2018

2. Principal Accounting Policies (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

2.1.2 Summary of effects arising from initial application of IFRS 15 (continued)

Notes:

(a) The Group's contracts with customers for property sales are with no alternative use to the Group. Taking into account the contract terms, the legal and regulatory environment in the PRC, the contracts which are fully paid, non-mortgaged and online registered provide the Group enforceable right to payment for performance completed to date and hence should be recognised overtime upon application of IFRS 15. The corresponding tax effect has been adjusted in respective tax assets or liabilities, as appropriate.

(b) The Group incurred incremental commission paid/payable to intermediaries/employees in connection with obtaining sales of properties contracts with customers. These amounts were previously expensed as incurred and were recognised in contract costs with corresponding adjustments to retained profits and non-controlling interests respectively upon the initial application of IFRS 15. The corresponding tax effect has been adjusted in respective tax assets or liabilities, as appropriate.

(c) The net effects arising from the initial application of IFRS 15 resulted in an increase in the carrying amounts of interests in associates/joint ventures respectively with corresponding adjustments to retained profits.

(d) The Group adjusted the transaction price for the effects of a financing component for the contracts of which the period between the payment by the customer and the transfer of the promised property or service exceeds one year. Adjustments have been made for both properties under development and contract liabilities.

(e) At the date of initial application, unbilled revenue arising from project management contracts and decoration and design contracts are conditional on the Group's achieving specified milestones as stipulated in the contracts, and hence were reclassified from trade and other receivables, deposits and prepayments and inventories to contract assets accordingly.

(f) At the date of initial application, pre-sale deposits was reclassified to contract liabilities.

2. Principal Accounting Policies (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

2.1.2 Summary of effects arising from initial application of IFRS 15 (continued)

The following tables summarise the impacts of applying IFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 and its condensed consolidated statement of profit or loss and other comprehensive income for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position at 30 June 2018

	As reported RMB'000	Adjustments RMB'000	Amounts without application of IFRS 15 RMB'000
Non-current Assets			
Interests in associates	9,191,593	(384,390)	8,807,203
Interests in joint ventures	1,812,568	(208,118)	1,604,450
Deferred tax assets	1,383,409	(70,476)	1,312,933
Current Assets			
Properties under development	86,605,387	5,267,208	91,872,595
Inventories	115,366	715,209	830,575
Trade and other receivables, deposits and prepayments	6,359,595	278,428	6,638,023
Contract assets and contract costs	1,990,817	(1,990,817)	–
Prepaid income taxes	2,752,527	72,521	2,825,048
Prepaid other taxes	3,248,784	38,319	3,287,103
Capital and Reserves			
Reserves	28,906,186	(1,837,850)	27,068,336
Non-controlling interests	14,523,863	(749,306)	13,774,557
Current Liabilities			
Trade and other payables	22,662,997	(754,116)	21,908,881
Pre-sale deposits	–	67,486,101	67,486,101
Income taxes payable	6,169,418	(281,901)	5,887,517
Other taxes payable	1,131,535	(672,424)	459,111
Contract liabilities	58,910,579	(58,910,579)	–
Non-current liabilities			
Deferred tax liabilities	5,229,174	(562,041)	4,667,133

For the six months ended 30 June 2018

2. Principal Accounting Policies (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

2.1.2 Summary of effects arising from initial application of IFRS 15 (continued)

Impact on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2018

	As reported RMB'000	Adjustments RMB'000	Amounts without application of IFRS 15 RMB'000
Continuing operation			
Revenue	33,533,600	(3,994,575)	29,539,025
Cost of sales	(27,455,337)	3,221,899	(24,233,438)
Gross profit	6,078,263	(772,676)	5,305,587
Selling expenses	(530,128)	11,933	(518,195)
Share of results of associates	292,556	(49,692)	242,864
Share of results of joint ventures	9,735	(26,878)	(17,143)
Profit before taxation	5,574,728	(837,313)	4,737,415
Taxation	(2,453,636)	79,188	(2,374,448)
Profit for the period	3,121,092	(758,125)	2,362,967
Total comprehensive income for the period	3,244,300	(758,125)	2,486,175
Profit for the period attributable to:			
Owners of the Company	2,334,963	(574,877)	1,760,086
Non-controlling interests	786,129	(183,248)	602,881
	3,121,092	(758,125)	2,362,967
Total comprehensive income attributable to:			
Owners of the Company	2,458,171	(574,877)	1,883,294
Non-controlling interests	786,129	(183,248)	602,881
	3,244,300	(758,125)	2,486,175

The explanations of the above changes affected in the current interim period by the application of IFRS 15 as compared to IAS 11, IAS 18 and the related interpretations are set out in notes (a) to (f) above for describing the reclassifications and adjustments made to the condensed consolidated statement of financial position at 1 January 2018 upon the adoption of IFRS 15.

2. Principal Accounting Policies (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments

In the current interim period, the Group has applied IFRS 9 *Financial Instruments* and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and other items (for example, contract assets, lease receivables and financial guarantee contracts), 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. 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 carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

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

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

Classification and measurement of financial assets

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

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. Principal Accounting Policies (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Classification and measurement of financial assets (continued)

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

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.

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.

2. Principal Accounting Policies (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets and other items which are subject to impairment under IFRS 9 (including trade receivables, other receivables, amounts due from related parties, pledged bank deposits, bank balances, contract assets and financial guarantee contracts). 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 and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix grouped on the basis of the debtors' aging, the details for the provision matrix applied by the Group are set out in note 17.

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 IFRS 9 Financial Instruments (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Impairment under ECL model (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 aforegoing, 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 pledged bank deposits and bank balances to have low credit risk because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with a good reputation.

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 IFRS 9 Financial Instruments (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Impairment under ECL model (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.

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.

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

For the six months ended 30 June 2018

2. Principal Accounting Policies (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (continued)

2.2.2 Summary of effects arising from initial application of IFRS 9

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

	Notes	Available-for-sale investments RMB'000	Equity instruments designated at FVTOCI RMB'000	Financial assets at amortised cost (previously classified as loans and receivables) RMB'000	Contract assets and contract costs RMB'000	Deferred tax assets/ (liabilities), net RMB'000	Revaluation reserve RMB'000	Retained profits RMB'000
Closing balance at 31 December 2017 – IAS 39		983,830	–	69,680,192	–	(3,837,655)	470,274	16,702,442
Effect arising from initial application of IFRS 15		–	–	(254,670)	1,485,111	(410,431)	–	1,262,973
Effect arising from initial application of IFRS 9								
Reclassification								
From available-for-sale investments	(a)	(983,830)	983,830	–	–	–	–	–
Remeasurement								
Impairment under ECL model	(b)	–	–	(312,556)	–	78,139	–	(234,417)
From cost to fair value	(a)	–	52,924	–	–	(13,231)	39,693	–
Opening balance at 1 January 2018		–	1,036,754	69,112,966	1,485,111	(4,183,178)	509,967	17,730,998

Notes:

(a) Available-for-sale investments

The Group elected to present in OCI for the fair value changes of all its equity investments previously classified as available-for-sale investments. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of IFRS 9, all its equity investments were reclassified from available-for-sale investments to equity instruments designated at FVTOCI. The fair value gains (net of tax) relating to those unquoted equity investments previously carried at cost less impairment were adjusted to revaluation reserve as at 1 January 2018 with corresponding adjustments to equity instruments designated at FVTOCI and deferred tax liabilities respectively. The fair value gains relating to those investments previously carried at fair value continued to accumulate in revaluation reserve.

2. Principal Accounting Policies (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (continued)

2.2.2 Summary of effects arising from initial application of IFRS 9 (continued)

Notes: (continued)

(b) Impairment under ECL model

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all contract assets and trade receivables. To measure the ECL, contract assets and trade receivables have been grouped based on shared credit risk characteristics and debtors' aging. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets.

Loss allowances for other financial assets at amortised cost mainly comprise of pledged bank deposits, bank balances, other receivables and amounts due from related parties, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition, except for certain financial assets which are measured on lifetime ECL basis as those credit risk had increased significantly since initial recognition.

As at 1 January 2018, the additional credit loss allowance has been recognised against retained profits with corresponding tax effect being adjusted. The additional loss allowance is charged against the respective asset.

All loss allowances for financial assets including trade receivables and other financial assets at amortised cost as at 31 December 2017 reconcile to the opening loss allowance as at 1 January 2018 is as follows:

	Trade receivables RMB'000	Other financial assets at amortised cost RMB'000
At 31 December 2017 – IAS 39	56,375	1,005,388
Amounts remeasured through opening retained profits	32,123	280,433
At 1 January 2018	88,498	1,285,821

Except as described above, the application of other new and amendments to IFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

2. Principal Accounting Policies (continued)

2.3 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening condensed consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each individual line item.

	31 December 2017 (Audited) RMB'000	IFRS 15 RMB'000	IFRS 9 RMB'000	1 January 2018 (Restated) RMB'000
Non-current Assets				
Interests in associates	7,777,384	334,698	–	8,112,082
Interests in joint ventures	1,897,467	181,240	–	2,078,707
Available-for-sale investments	983,830	–	(983,830)	–
Equity instruments at FVTOCI	–	–	1,036,754	1,036,754
Deferred tax assets	1,586,225	(85,284)	78,139	1,579,080
Others with no adjustments	11,949,208	–	–	11,949,208
	24,194,114	430,654	131,063	24,755,831
Current Assets				
Properties under development	83,149,261	(2,822,850)	–	80,326,411
Inventories	406,754	(228,333)	–	178,421
Trade and other receivables, deposits and prepayments	9,028,797	(254,670)	(129,601)	8,644,526
Amounts due from related parties	28,346,684	–	(182,955)	28,163,729
Contract assets and contract costs	–	1,485,111	–	1,485,111
Prepaid income taxes	4,266,197	(265,456)	–	4,000,741
Prepaid other taxes	3,001,285	(305,906)	–	2,695,379
Others with no adjustments	82,095,727	–	–	82,095,727
	210,294,705	(2,392,104)	(312,556)	207,590,045
Assets classified as held for sale	1,339,427	–	–	1,339,427
	211,634,132	(2,392,104)	(312,556)	208,929,472

For the six months ended 30 June 2018

2. Principal Accounting Policies (continued)

2.3 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards (continued)

	31 December 2017 (Audited) RMB'000	IFRS 15 RMB'000	IFRS 9 RMB'000	1 January 2018 (Restated) RMB'000
Current Liabilities				
Trade and other payables	21,255,077	1,368,302	–	22,623,379
Pre-sale deposits	65,900,213	(65,900,213)	–	–
Income taxes payable	7,067,640	75,733	–	7,143,373
Other taxes payable	656,693	473,878	–	1,130,571
Contract liabilities	–	59,866,672	–	59,866,672
Others with no adjustments	47,580,027	–	–	47,580,027
	142,459,650	(4,115,628)	–	138,344,022
Liabilities associated with assets classified as held for sale	1,128,538	–	–	1,128,538
	143,588,188	(4,115,628)	–	139,472,560
Net Current Assets	68,045,944	1,723,524	(312,556)	69,456,912
Total Assets less Current Liabilities	92,240,058	2,154,178	(181,493)	94,212,743
Non-current liabilities				
Deferred tax liabilities	5,423,880	325,147	13,231	5,762,258
Others with no adjustments	40,021,739	–	–	40,021,739
	45,445,619	325,147	13,231	45,783,997
	46,794,439	1,829,031	(194,724)	48,428,746
Capital and Reserves				
Reserves	26,269,450	1,262,973	(194,724)	27,337,699
Non-controlling interests	11,711,800	566,058	–	12,277,858
Others with no adjustments	8,813,189	–	–	8,813,189
Total Equity	46,794,439	1,829,031	(194,724)	48,428,746

3. New Significant Judgements and Key Sources of Estimation Uncertainty Related to the Application of IFRS 15 and IFRS 9

The following are significant judgements/estimates relating to application of IFRS 15 and IFRS 9 which are significant to the preparation of the interim financial report. The significant judgements, apart from those involving estimations (see below), that the directors have made in the process of applying IFRS 15 and IFRS 9 and that have the most significant effect on the amounts recognised in the condensed consolidated financial statements are disclosed below.

Timing of revenue recognition

Revenue from property sales is recognised over time when the Group's performance do 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; otherwise, revenue is recognised at a point in time when the customers obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgments, based on legal counsel opinion, to classify sales contracts into those with right to payment and those without the right.

The Group recognises property sales revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. The Group calculated the cost allocation based on phases of the projects and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. The Group has a standard cost budgeting and estimate completion process in which management reviews the development progress and execution of the performance obligations. As part of this process, management reviews information including but not limited to, the cost occurred and accrued to achieve the schedule. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors. The Group recognised property sales revenue over time and a point in time amounted to RMB3,687,288,000 and RMB27,732,640,000 respectively for the six months ended 30 June 2018.

ECL allowance

The Group recognises a loss allowance for ECL on financial assets including trade and other receivables, contract assets and amounts due from related parties which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. Significant judgements and estimations are required in determining the impairment assessment including the judgements on grouping basis for the provision matrix and the estimations on the expected loss rates used to calculate the ECL allowance. As at 30 June 2018, the carrying amount of trade and other receivables, contract assets, and amounts due from related parties are RMB4,347,902,000, RMB1,700,265,000 and RMB31,576,563,000 respectively (net of accumulated ECL impairment loss of RMB388,359,000, RMB nil, and RMB1,053,193,000 respectively).

For the six months ended 30 June 2018

4. Revenue and Segment Information

An analysis of the Group's revenue from its major products and services is as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Types of goods or services		
Property sales	**31,419,928**	8,664,575
Hotel operations	**317,218**	292,594
Project management	**709,555**	531,122
Design and decoration	**953,179**	868,882
Sales of construction materials	**24,685**	6,520
Other business	**83,015**	39,779
	33,507,580	10,403,472
Property rental income	**26,020**	45,623
	33,533,600	10,449,095
Timing of revenue recognition		
A point in time	**28,157,558**	9,003,468
Over time	**5,350,022**	1,400,004
	33,507,580	10,403,472

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the six months ended 30 June 2018				
	Property development RMB'000	**Hotel operations RMB'000**	**Property investment RMB'000**	**Others RMB'000**	**Total RMB'000**
Revenue disclosed in segment information					
External customers	**31,419,928**	**317,218**	**26,020**	**1,770,434**	**33,533,600**
Inter-segment	**–**	**271**	**–**	**652,522**	**652,793**
	31,419,928	**317,489**	**26,020**	**2,422,956**	**34,186,393**
Adjustment for property rental income	**–**	**–**	**(26,020)**	**–**	**(26,020)**
Eliminations	**–**	**(271)**	**–**	**(652,522)**	**(652,793)**
Revenue from contracts with customers	**31,419,928**	**317,218**	**–**	**1,770,434**	**33,507,580**

4. Revenue and Segment Information (continued)

An analysis of the Group's revenue and results by reportable and operating segments for the interim period is as follows:

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the six months ended 30 June 2018							
External revenue	31,419,928	317,218	26,020	1,770,434	33,533,600	–	33,533,600
Inter-segment revenue	–	271	–	652,522	652,793	(652,793)	–
Total segment revenue	31,419,928	317,489	26,020	2,422,956	34,186,393	(652,793)	33,533,600
Segment results	3,084,459	51,119	19,257	164,676	3,319,511	(234)	3,319,277
Unallocated administrative expenses							(91,517)
Unallocated other income							20,053
Unallocated finance costs							(22,113)
Unallocated taxation							(104,608)
Profit for the period							3,121,092

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the six months ended 30 June 2017							
External revenue	8,664,575	292,594	45,623	1,446,303	10,449,095	–	10,449,095
Inter-segment revenue	–	515	–	215,145	215,660	(215,660)	–
Total segment revenue	8,664,575	293,109	45,623	1,661,448	10,664,755	(215,660)	10,449,095
Segment results	862,300	22,451	420,445	88,936	1,394,132	(3,847)	1,390,285
Unallocated administrative expenses							(16,057)
Unallocated other income							7,114
Unallocated finance costs							(14,271)
Unallocated taxation							(97,454)
Profit for the period							1,269,617

4. Revenue and Segment Information (continued)

The following is an analysis of the Group's assets and liabilities by reportable segment:

Segment assets

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Property development	**238,699,594**	216,864,883
Hotel operations	**7,125,669**	7,481,372
Property investment	**2,716,575**	3,446,170
Others	**7,173,642**	6,598,609
Total segment assets	**255,715,480**	234,391,034
Unallocated	**1,678,540**	1,437,212
Consolidated assets	**257,394,020**	235,828,246

Segment liabilities

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Property development	**195,131,614**	181,559,336
Hotel operations	**252,077**	533,160
Property investment	**91,636**	91,933
Others	**8,440,726**	5,974,123
Total segment liabilities	**203,916,053**	188,158,552
Unallocated	**1,234,555**	875,255
Consolidated liabilities	**205,150,608**	189,033,807

For the six months ended 30 June 2018

5. Other Income

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Interest income	**612,088**	204,494
Comprehensive service income	**6,856**	11,408
Dividends from equity instruments at fair value through other comprehensive income	**38,793**	–
Others	**77,259**	133,049
	734,996	348,951

6. Other Gains and Losses

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Net foreign exchange (losses) gains	**(155,201)**	227,651
Net (losses) gains on disposal of associates	**(1,521)**	6,042
Gain on disposal of property, plant and equipment	**19,925**	–
	(136,797)	233,693

7. Finance Costs

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Interest on bank and other borrowings, senior notes, corporate debt instruments and receipts under securitisation arrangements	**2,525,911**	1,839,433
Less: Interest capitalised in properties under development and construction in progress	**(1,898,783)**	(1,103,395)
	627,128	736,038

For the six months ended 30 June 2018

8. Profit Before Taxation

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Profit before taxation has been arrived at after charging:		
Salaries and other benefits	**1,054,358**	791,436
Retirement benefits scheme contributions	**54,811**	38,617
Less: Capitalised in properties under development	**(333,091)**	(212,064)
	776,078	617,989
Depreciation of property, plant and equipment	**177,970**	135,659
Less: Capitalised in properties under development	**(2,451)**	(2,306)
	175,519	133,353
Cost of properties and inventories recognised as an expense	**27,283,886**	8,257,066
Amortisation of prepaid lease payment (included in administrative expenses)	**12,783**	12,837

9. Taxation

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	**1,691,053**	962,772
PRC Land Appreciation Tax ("LAT")	**2,311,748**	318,357
	4,002,801	1,281,129
Deferred tax:		
EIT	**(472,478)**	90,867
LAT	**(1,076,687)**	–
	(1,549,165)	90,867
	2,453,636	1,371,996

PRC EIT is recognised based on management's best estimate of the annual income tax rate expected for the full financial year, which is 25%. All PRC subsidiaries are subject to EIT levied at a rate of 25% (2017: 25%).

9. Taxation (continued)

In addition, the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") provides that qualified dividend income between two resident enterprises that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the EIT Law. A 10% withholding tax rate is applicable to the Group.

No provision for income tax has been made for the Company and its subsidiaries incorporated in Hong Kong as they have no assessable profits derived from Hong Kong.

The Group recognised LAT based on management's best estimates and in accordance to the requirements set forth in the relevant PRC tax laws and regulations. For the six months ended 30 June 2018, the Group has estimated and made a provision for LAT in the amount of RMB2,311,748,000 (for the six months ended 30 June 2017: RMB318,357,000). The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

10. Dividends

During the interim period, a final dividend of RMB0.2 per ordinary share, or RMB433,536,000 in total, for the year ended 31 December 2017 was declared by the Board and approved by the shareholders at the annual general meeting. The final dividend was subsequently paid on 18 July 2018.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2018 (for the six months ended 30 June 2017: nil).

11. Earnings Per Share

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

Earnings

	Six months ended 30 June	
	2018 **RMB'000**	2017 RMB'000
Profit for the period attributable to the owners of the Company	**2,334,963**	1,228,919
Distribution related to perpetual securities	**(297,131)**	(227,778)
Earnings for the purpose of basic earnings per share	**2,037,832**	1,001,141
Earnings for the purpose of diluted earnings per share	**2,037,832**	1,001,141

11. Earnings Per Share (continued)

Number of shares

	Six months ended 30 June	
	2018	2017
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,167,473,494**	2,163,386,904
Effect of dilutive potential ordinary shares:		
Share options	**28,925,214**	4,521,911
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,196,398,708**	2,167,908,815

The computation of diluted earnings per share for the six months ended 30 June 2017 does not assume the exercise of some of the share options because the exercise price of these share options was higher than the average market price for shares for the periods.

12. Property, Plant and Equipment

During the interim period, the Group incurred additional expenditure on property, plant and equipment in the amount of RMB374,605,000 (for the six months ended 30 June 2017: RMB87,050,000).

Details of the property, plant and equipment pledged to secure banking facilities granted to the Group are disclosed in note 30.

13. Properties for Development

Included in properties for development as at 30 June 2018 was an amount of RMB14,866,475,000 (as at 31 December 2017: RMB17,927,640,000) in respect of long-term leasehold land for which the Group was in the process of obtaining the land use rights certificates.

All properties for development are expected to be recovered after more than 12 months from the end of the interim period.

14. Properties under Development

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Long-term leasehold land – at cost	**57,822,597**	56,812,084
Development costs	**17,924,723**	17,984,802
Finance costs capitalised	**10,858,067**	8,352,375
	86,605,387	83,149,261

Properties under development for sale amounting to RMB62,881,075,000 (as at 31 December 2017: RMB67,503,121,000) are expected to be recovered after more than 12 months from the end of the interim period.

15. Trade and Other Receivables, Deposits and Prepayments

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Trade receivables	**879,649**	1,052,445
Less: allowance for doubtful debts	**(96,594)**	(56,375)
Trade receivables, net of allowance for doubtful debts	**783,055**	996,070
Other receivables, net of allowance for doubtful debts	**4,213,224**	5,365,456
Prepayments and deposits	**1,203,316**	1,806,117
Consideration receivables from disposal of subsidiaries	**160,000**	861,154
	6,359,595	9,028,797

The Group allows an average credit period of 90 days to certain trade customers with good credit standing. The aged analysis of trade receivables is stated as follows:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Within 90 days	**349,731**	546,487
91–180 days	**130,588**	41,217
181–365 days	**98,767**	131,418
Over 365 days	**300,563**	333,323
Trade receivables	**879,649**	1,052,445

Details of the impairment assessment are set out in note 17.

16. Contract Assets and Contract Costs

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Contract assets:		
Design and decoration (note (i))	**1,421,837**	–
Project management (note (i))	**278,428**	–
Contract costs:		
Costs for obtaining property sale contracts (note (ii))	**290,552**	–
	1,990,817	–

Notes:

(i) The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in achieving specified milestones stipulated in the relevant contracts at the reporting date on design and decoration and project management service. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer the contract assets to trade receivables when the relevant revenue is billed.

(ii) Management expects the incremental costs, primarily sale commission paid/payable, as a result of obtaining the property sale contracts are recoverable. The Group has capitalised the amounts and amortised when the related revenue are recognised.

The Group has assessed that the expected loss risk and impairment for the contract assets is insignificant.

17. Impairment Assessment on Financial Assets and Other Items Subject to ECL Model

Provision matrix – debtors' aging

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its trade receivables because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

During the current interim period, the Group reversed RMB3,927,000 impairment allowance on trade receivables based on the provision matrix. In addition, debtors with significant balances amounting to RMB67,814,000 as at 30 June 2018 were assessed individually and impairment allowance of RMB12,024,000 were made on these debtors for the current interim period.

17. Impairment Assessment on Financial Assets and Other Items Subject to ECL Model (continued)

Provision matrix – internal credit rating

As part of the Group's credit risk management, the Group applies internal credit rating for its other receivables and amounts due from related parties. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the current interim period, the Group provided RMB49,332,000 impairment allowance on other receivables and amounts due from related parties based on the provision matrix. In addition, debtors with significant balances amounting to RMB992,049,000 as at 30 June 2018 were assessed individually and impairment allowance of RMB9,805,000 were made on these debtors for the current interim period.

Allowance for impairment

The movement in the allowance for impairment in respect of trade receivables, other receivables and amounts due from related parties during the current interim period was as follows:

	Trade receivables RMB'000	Other receivables RMB'000	Amounts due from related parties RMB'000	Total RMB'000
Balance at 1 January 2018 (note)	88,498	271,162	1,014,659	1,374,319
Net remeasurement of loss allowance	8,096	20,603	38,534	67,233
Balance at 30 June 2018	96,594	291,765	1,053,193	1,441,552

Note: The Group has initially applied IFRS 9 at 1 January 2018. Under the transition method chosen, comparative information is not restated.

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18. Trade and Other Payables

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Trade payables	**15,803,385**	13,895,277
Other payables and accrued expenses	**6,858,486**	7,110,774
Receipt in advance for a subsidiary held for sale	**–**	248,000
Consideration payables on acquisition of subsidiaries	**1,126**	1,026
	22,662,997	21,255,077

Trade payables principally comprise amounts outstanding for trade purchases and contractor payments. The aged analysis of trade payables is stated as follows:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Within 180 days	**12,650,123**	11,542,628
181–365 days	**829,932**	789,770
Over 365 days	**2,323,330**	1,562,879
Trade payables	**15,803,385**	13,895,277

19. Bank and Other Borrowings

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Secured bank loans	**22,189,468**	21,660,041
Unsecured bank loans	**12,096,544**	9,007,628
	34,286,012	30,667,669
Secured other loans	**1,500,000**	2,114,996
Unsecured other loans	**6,860,900**	4,400,000
	8,360,900	6,514,996
	42,646,912	37,182,665
The amount is repayable as follows:		
Amounts due within one year	**18,640,272**	12,732,906
Amounts due after one year	**24,006,640**	24,449,759
	42,646,912	37,182,665

19. Bank and Other Borrowings (continued)

At the end of the interim period, certain bank loans were also supported by guarantees from the following parties:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Secured bank loans, guaranteed by: Non-controlling shareholders of subsidiaries	**3,810,335**	1,892,400
Unsecured bank loans, guaranteed by: Non-controlling shareholders of subsidiaries	**346,900**	–

20. Senior Notes

2020 USD Notes – Unsecured

On 11 August 2015, the Company issued senior notes with an aggregate principal amount of USD500,000,000, comprised of (i) notes in the aggregate principal amount of USD429,698,000 (the "New Notes") which were issued pursuant to the exchange offer memorandum dated 20 July 2015 in relation to the exchange of the 2018 USD Notes (as defined in Group's 2016 consolidated financial statements and fully repaid in 2016) and the 2019 USD Notes (as defined in Group's 2017 consolidated financial statements and fully repaid in 2017) into new USD senior notes due 2020 and (ii) notes in the aggregate principal amount of USD70,302,000 (the "Additional New Notes") which formed a single series with and have the same terms and conditions as the new USD senior notes due 2020 (collectively, the "2020 USD Notes").

The 2020 USD Notes were issued at 100% of face value and carried interest at the rate of 5.875% per annum payable semi-annually in arrears. No net proceed has been raised from the New Notes, and the net proceeds from Additional New Notes, after deducting subscription discounts for odd lot of notes and subtracting expenses related to the issuance of the 2020 USD Notes, was approximately USD62,861,000 (approximately RMB391,611,000). The 2020 USD Notes will mature on 11 August 2020.

The principal terms of 2020 USD Notes are disclosed in the Group's 2015 consolidated financial statements.

The 2020 USD Notes contain a liability component and an early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the interim period is calculated by applying an effective interest rate of approximately 5.875% per annum to the liability component since the senior notes were issued.

(ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption option as at 30 June 2018 is insignificant (as at 31 December 2017: nil).

20. Senior Notes (continued)

2020 USD Notes – Unsecured (continued)

The movement of 2020 USD notes during the interim period is set out below:

	RMB'000
At 1 January 2018	3,149,003
Exchange realignment	42,433
Interest charged during the interim period	116,319
Interest paid/payable during the interim period	(96,117)
At 30 June 2018	3,211,638

21. Corporate Debt Instruments

2015 Corporate Bonds

On 28 August 2015, Greentown Real Estate Group Co., Ltd. (the "Issuer"), a wholly-owned subsidiary of the Company, issued the first tranche of corporate bonds with an aggregate principal amount of RMB3,000,000,000 at 100% of face value (the "2015 First Bonds") which are listed on Shanghai Stock Exchange. The 2015 First Bonds carry interest at the rate of 4.7% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB2,952,000,000. The 2015 First Bonds will mature on 27 August 2020.

On 18 September 2015, the Issuer issued the second tranche of the corporate bonds in an aggregate principal amount of RMB4,000,000,000 at 100% of face value comprising (i) RMB2,000,000,000 with a term of five years and an annual coupon rate of 4.4% payable annually in arrears (the "2015 Five-year Bonds"), and (ii) RMB2,000,000,000 with a term of seven years and an annual coupon rate of 5.16% payable annually in arrears (the "2015 Seven-year Bonds", together with the 2015 Five-year Bonds, the "2015 Second Bonds"). The net proceeds, after deduction of direct issuance costs, amounted to RMB3,940,000,000. The 2015 Five-year Bonds will mature on 16 September 2020. The 2015 Seven-year Bonds will mature on 16 September 2022.

The Issuer shall be entitled to unconditionally adjust the coupon rate and the investors shall be entitled to unconditionally sell back the 2015 First Bonds and 2015 Five-year Bonds, both at the end of the third year and the 2015 Seven-year Bonds at the end of the fifth year, respectively ("2015 Coupon Rate Adjustment Right").

The principal terms of 2015 First Bonds and 2015 Second Bonds (collectively, the "2015 Corporate Bonds") are disclosed in the Group's 2015 consolidated financial statements.

21. Corporate Debt Instruments (continued)

2015 Corporate Bonds (continued)

The 2015 Corporate Bonds contain a liability component and a written put option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

The interest charged for the interim period is calculated by applying an effective interest rate of approximately 4.76% per annum to the liability component since the 2015 Corporate Bonds were issued.

(ii) Written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

As at 30 June 2018, the Group has had no plan nor intention to exercise the 2015 Coupon Rate Adjustment Right of the 2015 Seven-year Bonds, therefore the interest expense for the interim period were calculated using the original coupon rates of the 2015 Seven-year Bonds.

On 16 July 2018, the Group decided to exercise the 2015 Coupon Rate Adjustment Right of the 2015 First Bonds and raised interest at the rate of 5.35% per annum payable annually in arrears from 27 August 2018 to 27 August 2020. Certain investors sold back the 2015 First Bonds amounted to RMB1,566,629,000 to the Issuer after the declaration of the coupon rate adjustment.

On 6 August 2018, the Group decided to exercise the 2015 Coupon Rate Adjustment Right of the 2015 Five-year Bonds and raised interest at the rate of 4.91% per annum payable annually in arrears from 16 September 2018 to 16 September 2020. Certain investors sold back the 2015 Five-year amounted to RMB491,865,000 to the Issuer after the declaration of the coupon rate adjustment.

Further details of the results of execution 2015 Coupon Rate Adjustment Right are published on the website of the Shanghai Stock Exchange (www.sse.com.cn).

The movement of 2015 Corporate Bonds during the interim period is set out below:

	RMB'000
At 1 January 2018	6,936,088
Interest charged during the interim period	177,087
Interest paid/payable during the interim period	(167,023)
At 30 June 2018	6,946,152
Less: Amounts puttable within one year shown under current liabilities	(2,042,133)
Amounts shown under non-current liabilities	4,904,019

21. Corporate Debt Instruments (continued)

Medium-term Notes

On 6 March 2017, the Issuer issued the first of medium-term notes with an aggregate principal amount of RMB3,000,000,000 at 100% of face value (the "First Medium-term Notes"). The First Medium-term Notes carry interest at the rate of 5.50% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB2,977,009,000. The First Medium-term Notes will mature on 6 March 2022.

On 21 April 2017, the Issuer issued the second of medium-term notes with an aggregate principal amount of RMB2,000,000,000 at 100% of face value (the "Second Medium-term Notes"). The Second Medium-term Notes carry interest at the rate of 5.19% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,987,538,000. The Second Medium-term Notes will mature on 21 April 2020.

On 13 June 2017, the Issuer issued the third of medium-term notes with an aggregate principal amount of RMB2,500,000,000 at 100% of face value (the "Third Medium-term Notes"). The Third Medium-term Notes carry interest at the rate of 5.47% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB2,484,460,000. The Third Medium-term Notes will mature on 13 June 2020.

On 8 August 2017, the Issuer issued the fourth medium-term notes with an aggregate principal amount of RMB1,400,000,000 at 100% of face value (the "Fourth Medium-term Notes"). The Fourth Medium-term Notes carry interest at the rate of 5.30% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,385,370,000. The Fourth Medium-term Notes will mature on 8 August 2022.

The movement of medium-term notes during the interim period is set out below:

	RMB'000
At 1 January 2018	8,846,616
Interest charged during the interim period	248,466
Interest paid/payable during the interim period	(239,875)
At 30 June 2018	8,855,207

21. Corporate Debt Instruments (continued)

Short-term Notes

On 19 March 2018, the Issuer issued the first of short-term notes with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "First Short-term Notes"). The First Short-term Notes carry interest at the rate of 5.42% per annum. The net proceeds, after deduction of direct issuance costs, amounted to RMB997,655,000. The First Short-term Notes will mature on 19 March 2019 and pay the interest at a time.

On 19 March 2018, the Issuer issued the second of short-term notes with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "Second Short-term Notes"). The Second Short-term Notes carry interest at the rate of 5.42% per annum. The net proceeds, after deduction of direct issuance costs, amounted to RMB997,749,000. The Second Short-term Notes will mature on 19 March 2019 and pay the interest at a time.

On 26 April 2018, the Issuer issued the third of short-term notes with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "Third Short-term Notes"). The Third Short-term Notes carry interest at the rate of 4.97% per annum. The net proceeds, after deduction of direct issuance costs, amounted to RMB997,741,000. The Third Short-term Notes will mature on 26 April 2019 and pay the interest at a time.

On 17 May 2018, the Issuer issued the fourth of short-term notes with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "Fourth Short-term Notes"). The Fourth Short-term Notes carry interest at the rate of 5.08% per annum. The net proceeds, after deduction of direct issuance costs, amounted to RMB997,741,000. The Fourth Short-term Notes will mature on 17 May 2019 and pay the interest at a time.

The movement of short-term notes during the interim period is set out below:

	RMB'000
Fair value at the date of issuance	3,990,886
Interest charged during the interim period	55,176
Interest paid/payable during the interim period	(52,883)
At 30 June 2018	3,993,179

21. Corporate Debt Instruments (continued)

2018 Corporate Bonds

On 12 March 2018, the Issuer issued the first tranche of corporate bonds with an aggregate principal amount of RMB2,000,000,000 at 100% of face value (the "2018 First Bonds"). The 2018 First Bonds carry interest at the rate of 5.5% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,989,571,000. The 2018 First Bonds will mature on 12 March 2023.

On 13 April 2018, the Issuer issued the second tranche of corporate bonds with an aggregate principal amount of RMB3,000,000,000 at 100% of face value comprising (i) RMB2,500,000,000 with a term of five years and an annual coupon rate of 5.99% (the "2018 Second Bonds"), and (ii) RMB500,000,000 with a term of four years and an annual coupon rate of 5.7% (the "2018 Third Bonds"). The net proceeds, after deduction of direct issuance costs, amounted to RMB2,984,440,000. The 2018 Second Bonds and 2018 Third Bonds will mature on 13 April 2023 and 13 April 2022 receptively.

On 25 May 2018, the Issuer issued third tranche of corporate bonds with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "2018 Fourth Bonds", together with "2018 First Bonds", "2018 Second Bonds" and "2018 Third Bonds", the "2018 Corporate Bonds"). The 2018 Fourth Bonds carry interest at the rate of 6.00% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB996,980,000. The 2018 Fourth Bonds will mature on 25 May 2022.

The Issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the 2018 First Bonds and 2018 Second Bonds at the end of the third year, the 2018 Third Bonds and the 2018 Fourth Bonds at the end of the second year, respectively.

The principal terms of the 2018 Corporate Bonds are as follows:

(i) the 2018 First Bonds and the 2018 Second Bonds have fixed interest rate in the first three years. At the end of the third year, the Issuer has the right to adjust the coupon rate of the remaining outstanding bonds ("2018 Coupon Rate Adjustment Right"). If the Issuer chooses to exercise the 2018 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years plus adjusting basis points;

(ii) the 2018 Third Bonds and the 2018 Fourth Bonds have fixed interest rate in the first two years. At the end of the second year, the Issuer has the right to exercise the 2018 Coupon Rate Adjustment Right. If the Issuer chooses to do so, the new fixed coupon rate for the remaining two years will be the coupon rate of the first two years plus adjusting basis points;

(iii) the investors of the 2018 First Bonds and the 2018 Second Bonds have option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest, if any, to (but not including) the redemption date when the Issuer issues the announcement concerning whether to adjust the coupon rate of the bonds at the end of the third year;

21. Corporate Debt Instruments (continued)

2018 Corporate Bonds (continued)

(iv) the investors of the the 2018 Third Bonds and the 2018 Fourth Bonds have option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest, if any, to (but not including) the redemption date when the Issuer issues the announcement concerning whether to adjust the coupon rate of the bonds at the end of the second year;

Further details of the 2018 Corporate Bonds are published on the website of the Shanghai Stock Exchange (www.sse.com.cn).

The 2018 Corporate Bonds contain a liability component and a written put option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

The interest charged for the interim period is calculated by applying an effective interest rate of approximately 5.92% per annum to the liability component since the 2018 Corporate Bonds were issued.

(ii) Written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

As at 30 June 2018, the Group has had no plan nor intention to exercise the 2018 Coupon Rate Adjustment Right, therefore the interest expense for the interim period were calculated using the original coupon rates of the 2018 Corporate Bonds.

The movement of the 2018 Corporate Bonds during the interim period is set out below:

	RMB'000
Fair value at the date of issurance	**5,970,991**
Interest charged during the interim period	**92,704**
Interest paid/payable during the interim period	**(91,230)**
At 30 June 2018	**5,972,465**

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21. Corporate Debt Instruments (continued)

The summary of movements of corporate bonds, medium-term notes and short-term notes during the interim period is set out below:

	RMB'000
At 1 January 2018	15,782,704
Fair value at the date of issuance	9,961,877
Interest charged during the interim period	573,433
Interest paid/payable during the interim period	(551,011)
At 30 June 2018	25,767,003
Less: Amounts puttable within one year shown under current liabilities	(2,042,133)
Amounts due within one year	(3,993,179)
Amounts shown under non-current liabilities	19,731,691

22. Receipts Under Securitisation Arrangements

On 3 November 2017, Greentown Real Estate Group Co., Ltd., a wholly-owned subsidiary of the Company, issued receipts under securitisation arrangements (the "Receipts Under Securitisation Arrangements") with an aggregate principal amount of RMB1,600,000,000 at 100% of face value comprising (i) RMB1,500,000,000 with a term of fixed annual coupon rate of 5.29% and provide distribution semi-annually (the "Senior Tranche Securities"), and (ii) RMB100,000,000 with a term of no annual coupon rate (the "Junior Tranche Securities"). The Receipts Under Securitisation Arrangements are listed on the Shanghai Stock Exchange. The net proceeds of the Receipts Under Securitisation Arrangements, after deduction of direct issuance costs, amounted to RMB1,590,140,000. Both Senior Tranche Securities and Junior Tranche Securities will mature on 21 July 2020.

The receipts under securitisation arrangements are assets backed securitisation collateralised by certain future trade receivables for the remaining receipts from sales of properties.

The movements of receipts under securitisation arrangements during the interim period are set out below:

	RMB'000
At 1 January 2018	1,591,891
Interest charged during the interim period	41,095
Interest paid/payable during the interim period	(39,455)
At 30 June 2018	1,593,531

23. Share Capital

	Number of shares	Share capital HKD'000
Authorised		
Ordinary shares of HKD0.10 each		
At 1 January 2018 and 30 June 2018	**10,000,000,000**	**1,000,000**
Issued and fully paid		
Ordinary shares of HKD0.10 each		
As at 1 January 2018	**2,165,578,190**	**216,558**
Exercise of share options	**2,109,500**	**211**
As at 30 June 2018	**2,167,687,690**	**216,769**

	RMB'000
Shown on the condensed consolidated statement of financial position	
As at 31 December 2017	209,240
As at 30 June 2018	**209,414**

24. Perpetual Securities

First USD Perpetual Securities

On 28 January 2014, Moon Wise Global Limited ("Moon Wise"), a wholly-owned subsidiary of the Company, issued USD denominated subordinated perpetual capital securities (the "First USD Perpetual Securities") with an aggregate principal amount of USD500,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Moon Wise under the First USD Perpetual Securities.

The principal terms of the First USD Perpetual Securities are disclosed in the Group's 2014 consolidated financial statements.

As the First USD Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends. Distribution of RMB143,379,000 for the interim period (for the six months ended 30 June 2017: RMB154,323,000) has been provided and paid by the Company.

24. Perpetual Securities (continued)

Second USD Perpetual Securities

On 22 April 2016, Apex Top Group Limited ("Apex Top"), a wholly-owned subsidiary of the Company, issued USD denominated senior perpetual capital securities (the "Second USD Perpetual Securities") with an aggregate principal amount of USD400,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Apex Top under the Second USD Perpetual Securities.

The principal terms of the Second USD Perpetual Securities are disclosed in the Group's 2016 consolidated financial statements.

As the Second USD Perpetual Securities only impose contractual obligations on the Group to repay the principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance conferred upon the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends. Distribution of RMB69,115,000 for the interim period (for the six months ended 30 June 2017: RMB75,671,000) has been provided and paid by the Company.

Third USD Perpetual Securities

On 19 July 2017, Wisdom Glory Group Limited ("Wisdom Glory"), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the "Third USD Perpetual Securities") with an aggregate principal amount of USD450,000,000. The Company has agreed to guarantee the due payment of all sums expressed to be payable by Wisdom Glory under the Third USD Perpetual Securities.

The principal terms of the Third USD Perpetual Securities are disclosed in the Group's 2017 consolidated financial statements.

As the Third USD Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends. Distribution of RMB75,996,000 for the interim period has been provided and paid by the Company.

25. Fair Value Measurements of Financial Instruments

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instrument	Fair value RMB'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
Listed equity investment	Equity instruments at fair value through other comprehensive income: 833,727 (31 December 2017: Available-for-sale investments: 710,519)	Level 1	Quoted bid prices in an active market.	N/A
Unquoted equity investments	Equity instruments at fair value through other comprehensive income: 321,216 (31 December 2017: Available-for-sale investments: 273,311)	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.	Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 10.7-17.7 per cent (2017: 10.7-17.7 per cent).

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25. Fair Value Measurements of Financial Instruments (continued)

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (continued)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values:

	As at 30 June 2018		As at 31 December 2017	
	Carrying amount of liability component RMB'000	Fair value RMB'000	Carrying amount of liability component RMB'000	Fair value RMB'000
Financial liabilities				
Senior notes (Level 2)	3,211,638	3,390,011[1]	3,149,003	3,371,909[1]
Corporate debt instruments (Level 2)	25,767,003	25,813,246[1]	15,782,704	15,754,165[1]
Receipts under securitisation arrangements (Level 2)	1,593,531	1,600,000[1]	1,591,891	1,600,000[1]

[1] Based on quoted price

There were no transfer into or out of Level 2 during both years.

Reconciliation of Level 3 fair value measurements of financial assets

	Unquoted equity investments RMB'000
At 1 January 2018 (initial application of IFRS 9)	326,235
Acquisition of subsidiaries	(4,418)
Disposal of subsidiaries	453
Disposals	(1,054)
At 30 June 2018	321,216

26. Share-Based Payment Transactions

The Company has share option schemes for eligible employees of the Group. All outstanding share options are vested in prior year. Details of the share options outstanding during the current interim period are as follows:

	Number of share options	Weighted average exercise price HKD
Outstanding as at 1 January 2018	**152,641,500**	**9.46**
Exercised during the interim period	**(2,109,500)**	**3.32**
Outstanding as at 30 June 2018	**150,532,000**	**9.55**

In the current interim period, no share options were granted.

In respect of the share options exercised during the interim period, the weighted average share price at the dates of exercise was HKD12.46 (for the six months ended 30 June 2017: HKD8.12).

27. Acquisition of Subsidiaries

Particulars of the subsidiaries acquired during the six months ended 30 June 2018 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
濟南東創置業有限公司 Ji'nan Dongchuang Real Estate Co., Ltd. ("Ji'nan Dongchuang") (Note (i))	Real estate development	1 January 2018	–	–
西安國際陸港文遠置業有限公司 Xi'an International Lugang Wenyuan Real Estate Co., Ltd. ("Xi'an Wenyuan") (Note (ii))	Real estate development	5 January 2018	51%	235,056
德清青城房地產開發有限公司 Deqing Qingcheng Real Estate Development Co., Ltd. ("Deqing Qingcheng") (Note (iii))	Real estate development	8 January 2018	90%	445,000

27. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during the six months ended 30 June 2018 were as follows: (continued)

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
杭州碩櫟投資管理有限公司 Hangzhou Shuoli Investment Management Co., Ltd. ("Hangzhou Shuoli") (Note (iv))	Investment Holding	16 March 2018	100%	100
余姚綠潤投資有限公司 Yuyao Lvrun Investment Co., Ltd. ("Yuyao Lvrun") (Note (iv))	Investment Holding	16 March 2018	93%	–
余姚綠城房地產開發有限公司 Yuyao Greentown Real Estate Development Co., Ltd. ("Yuyao Greentown") (Note (iv))	Real estate development	16 March 2018	53%	–
西安國際陸港文廣置業有限公司 Xi'an International Lugang Wenguang Real Estate Co., Ltd. ("Xi'an Wenguang") (Note (v))	Real estate development	18 April 2018	51%	–
				680,156

Notes:

(i) Shandong Greentown Investment Real Estate Co., Ltd., a wholly-owned subsidiary of the Company, obtained control over Ji'nan Dongchuang by entering into the acting in concert agreement with another shareholder which held 50% equity interests of Ji'nan Dongchuang so as to continue the expansion of the Group's property development operation. Ji'nan Dongchuang was previously a 50%-owned joint venture of the Group.

(ii) Xi'an Greentown Gangcheng Real Estate Development Co., Ltd. ("Xi'an Greentown Gangcheng"), a wholly-owned subsidiary of the Company, acquired 51% equity interests of Xi'an Wenyuan so as to continue the expansion of the Group's property development operation.

(iii) Greentown Ideal Town Construction Group Co., Ltd., a wholly-owned subsidiary of the Company acquired 90% equity interests of Deqing Qingcheng so as to continue the expansion of the Group's property development operation.

(iv) Zhejiang Greentown Real Estate Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired entire 100% equity interest of Hangzhou Shuoli so as to continue the expansion of the Group's property development operation. Yuyao Lvrun and Yuyao Greentown are the subsidiaries of Hangzhou Shuoli, therefore were also acquired by the Group. Yuyao Greentown was previously a 47%-owned joint venture of the Group and the Group owned 7.5% equity interests of Yuyao Lvrun and accounted it as available-for-sale investments in prior periods.

(v) Xi'an Greentown Gangcheng obtained 51% equity interests of Xi'an Wenguang so as to continue the expansion of the Group's property development operation.

27. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during the six months ended 30 June 2017 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
山東藍城建設管理有限公司 Shandong Bluetown Construction Management Co., Ltd. ("Shandong Bluetown") (Note (i))	Project management	1 April 2017	31%	2,000
上海輔秦建設工程管理有限公司（原名「新疆綠城維格投資管理有限公司」）Shanghai Fuqin Construction Management Co., Ltd. ("Shanghai Fuqin") (the former name "Xinjiang Greentown Weige Investment Management Co., Ltd.") (Note (ii))	Project management	27 April 2017	11%	550
新疆綠城創景建設管理有限公司（原名「新疆藍城房地產開發有限公司」）Xinjiang Greentown Chuangjing Construction Management Co., Ltd. ("Xinjiang Chuangjing") (the former name "Xinjiang Bluetown Real Estate Development Co., Ltd.") (Note (iii))	Project management	30 June 2017	31%	3,100
浙江綠城利普建築設計有限公司 Zhejiang Greentown Lipu Construction Design Co., Ltd. ("Zhejiang Greentown Lipu") (Note (iv))	Design and decoration	26 June 2017	51%	–
上海銘藝木業有限公司 Shanghai Mingyi Wood Co., Ltd. ("Shanghai Mingyi")(Note (v))	Design and decoration	18 April 2017	60%	165

27. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during the six months ended 30 June 2017 were as follows: (continued)

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
天津團泊湖裕泰置業有限公司 Tianjin Tuanbohu Yutai Real Estate Co., Ltd. ("Tianjin Tuanbohu Yutai") (Note (vi))	Real estate development	18 January 2017	100%	421,287
寧波泰谷房地產開發有限公司 Ningbo Taigu Real Estate Development Co., Ltd. ("Ningbo Taigu") (Note (vii))	Real estate development	27 April 2017	100%	32,502
				459,604

Notes:

(i) Greentown Construction Management Co., Ltd (the former name "Hangzhou Bluetown Zhixin Construction Management Co., Ltd.") ("Greentown Construction Management"), a wholly-owned subsidiary of the Company, acquired additional 31% equity interest of Shandong Bluetown. The Group previously held 20% equity interest of Shandong Bluetown. The Group acquired Shandong Bluetown so as to continue the expansion of the Group's project management operation.

(ii) Greentown Construction Management, acquired additional 11% equity interest of Shanghai Fuqin. The Group previously held 40% equity interest of Shanghai Fuqin. The Group acquired Shanghai Fuqin so as to continue the expansion of the Group's project management operation.

(iii) Greentown Construction Management, acquired additional 31% equity interest of Xinjiang Chuangjing. The Group previously held 20% equity interest of Xinjiang Chuangjing. The Group acquired Xinjiang Chuangjing so as to continue the expansion of the Group's project management operation.

(iv) Greentown Real Estate Project Management Group Co., Ltd.("Greentown Project Management Group"), a wholly-owned subsidiary of the Company, obtained 51% equity interest of Zhejiang Greentown Lipu so as to continue the expansion of the Group's design and decoration operation.

(v) Zhejiang Greentown Wood Development Co., Ltd., a wholly-owned subsidiary of the Company, acquired 60% equity interest of Shanghai Mingyi so as to continue the expansion of the Group's design and decoration operation.

(vi) Tianjin Greentown Northern Real Estate Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% equity interest of Tianjin Tuanbohu Yutai so as to continue the expansion of the Group's property development operation.

(vii) Hangzhou Greentown Zhizhen Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% equity interest of Ningbo Taigu so as to continue the expansion of the Group's property development operation.

27. Acquisition of Subsidiaries (continued)

A summary of the provisional effects of acquisition of these subsidiaries is as follows:

	Six months ended 30 June			
	Ji'nan Dongchuang RMB'000 (note i)	Other companies RMB'000	**2018 Total RMB'000**	2017 Total RMB'000
Net assets acquired:				
Property, plant and equipment	1,196	143	**1,339**	10,068
Deferred tax assets	7,322	11,834	**19,156**	244
Properties for development	2,600,000	2,222,396	**4,822,396**	1,147,285
Properties under development	2,827,795	1,691,430	**4,519,225**	617,706
Completed properties for sale	–	13,019	**13,019**	325,370
Inventories	–	–	**–**	2,324
Trade and other receivables, deposits and prepayments	50,505	508,733	**559,238**	53,543
Contract assets and contract costs	13,606	15,479	**29,085**	–
Amounts due from related parties	760,000	1,296,809	**2,056,809**	1,746
Prepaid income taxes	122,102	56,096	**178,198**	94,200
Prepaid other taxes	86,283	102,441	**188,724**	–
Bank balances and cash	508,089	70,004	**578,093**	655,854
Trade and other payables	(587,587)	(1,468,321)	**(2,055,908)**	(1,800,434)
Contract liabilities	(2,924,437)	(2,496,773)	**(5,421,210)**	–
Pre-sale deposits	–	–	**–**	(136,425)
Amounts due to related parties	(225)	(109,260)	**(109,485)**	(4,305)
Income taxes payable	(5,742)	(137)	**(5,879)**	(3,469)
Other taxes payable	(1,450)	(97)	**(1,547)**	(3,013)
Bank and other borrowings	(567,000)	(700,000)	**(1,267,000)**	(320,000)
Deferred tax liabilities	(1,063,497)	(167,594)	**(1,231,091)**	(141,022)
	1,826,960	1,046,202	**2,873,162**	499,672
Non-controlling interests	(913,480)	(320,750)	**(1,234,230)**	(25,848)

For the six months ended 30 June 2018

27. Acquisition of Subsidiaries (continued)

A summary of the provisional effects of acquisition of these subsidiaries is as follows: (continued)

	Six months ended 30 June			
	Ji'nan Dongchuang RMB'000 (note i)	Other companies RMB'000	**2018 Total RMB'000**	2017 Total RMB'000
	913,480	725,452	**1,638,932**	473,824
Less:				
Transferred from interests previously held and classified as associates and joint ventures	(322,728)	(40,878)	**(363,606)**	(4,868)
Transferred from interests previously held and classified as investments in equity instrument at FVTOCI	–	(4,418)	**(4,418)**	–
Gain on re-measurement of associates and a joint venture to acquisition date fair value in business combination achieved in stages (note ii)	(590,752)	–	**(590,752)**	(421)
Gain on acquisition of subsidiaries	–	–	**–**	(8,931)
	–	680,156	**680,156**	459,604
Total consideration, satisfied by:				
Cash	–	380,056	**380,056**	459,604
Consideration payables	–	300,100	**300,100**	–

27. Acquisition of Subsidiaries (continued)

A summary of the provisional effects of acquisition of these subsidiaries is as follows: (continued)

	Six months ended 30 June			
	Ji'nan Dongchuang RMB'000 (note i)	Other companies RMB'000	**2018 Total RMB'000**	2017 Total RMB'000
Net cash inflow arising on acquisition				
Cash paid	–	(145,000)	**(145,000)**	(178,520)
Bank balances and cash acquired	508,089	70,004	**578,093**	655,854
	508,089	(74,996)	**433,093**	477,334

Note: i. Ji'nan Dongchuang was previously a 50% owned-joint venture of the Group. Due to certain agreement of acting in concert with another shareholder which held the rest of 50% equity interests in Ji'nan Dongchuang, the shareholder is required to keep the concerted action in the board resolution. The acting in concert agreement became effective from 1 January 2018 and would be effective during the whole continuing period of Ji'nan Dongchuang.

Upon the effective period of the acting in concert agreement, the Group has obtained control over Ji'nan Dongchuang with no consideration, and Ji'nan Dongchuang became a 50%-owned subsidiary of the Group.

Note: ii. The Group's 50% equity interest in Ji'nan Dongchuang, which was previously accounted for as a joint venture, was remeasured to its fair value upon acquisition, resulting in a gain of RMB590,752,000 in the interim period.

The acquisition of the subsidiaries has been accounted for using the acquisition method. The effect of the acquisitions was presented together as the assets and liabilities acquired from Xi'an Wenyuan, Deqing Qingcheng, Hangzhou Shuoli, Yuyao Lvrun, Yuyao Greentown and Xi'an Wenguang were not material in comparison to the assets and liabilities acquired from Ji'nan Dongchuang.

The receivables acquired (which principally comprised trade and other receivables, deposits and prepayments and amounts due from related parties) with a fair value of RMB2,616,047,000 at the date of acquisition had gross contractual amounts of RMB2,616,047,000, which were expected to be fully collected.

The non-controlling interest recognised at the acquisition date was measured by reference to the proportionate share of the recognised amounts of net assets of subsidiaries and amounted to RMB1,234,230,000.

The subsidiaries acquired contributed RMB2,375,128,000 in revenue to the Group between the date of acquisition and the end of the interim period.

27. Acquisition of Subsidiaries (continued)

A summary of the provisional effects of acquisition of these subsidiaries is as follows: (continued)

The losses attributable to these subsidiaries amounted to RMB11,169,000 have been recognised in the Group's profit for the interim period between the date of acquisition and the end of the interim period. The profits attributable to the subsidiaries amounted to RMB176,931,000 have been recognised in the Group's profit for the interim period between the date of acquisition and the end of the interim period.

Had the acquisition of these subsidiaries been effected at 1 January 2018, the total amount of revenue of the Group for the interim period would have been RMB33,543,134,000, and the amount of the profit for the interim period would have been RMB3,121,570,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

28. Disposal of Subsidiaries

In January 2018, the Group disposed of its entire 60% equity interests in Liuzhou Greentown Investment Co., Ltd.("Liuzhou Greentown Investment") to an independent third party for a cash consideration of RMB408,000,000. Liuzhou Greentown Real Estate Development Co., Ltd. is a wholly-owned subsidiary of Liuzhou Greentown Investment, therefore was also disposed by the Group. The entire equity interests of Liuzhou Greentown Investment was previously classified as disposal groups held for sale.

In January 2018, the Group disposed of its entire 100% equity interests in Hangzhou Rose Garden Resort Co., Ltd. ("Hangzhou Rose Garden Resort") to a shareholder's company for an acquisition of 50% equity interest in Zhejiang Greentown Football Club Company Limited ("Football Club") held by the shareholder's company at the consideration of RMB331,370,000 ("Transaction"). The consideration for the Transaction was satisfied in part by the entire equity interest in Hangzhou Rose Garden Resort amounted to RMB286,741,000 and RMB44,629,000 in cash. Hangzhou Greentown Imports and Exports Trading Co., Ltd. is a 90%-owned subsidiary of Hangzhou Rose Garden Resort, therefore was also disposed by the Group. After the Transaction, Football Club became a 50%-owned joint venture of the Group. The entire equity interests of Hangzhou Rose Garden was previously classified as disposal groups held for sale. Details of the Transaction set out above are disclosed in the Company's announcement dated 28 December 2017.

In March 2018, the Group disposed of its 49% equity interests in Hangzhou Greentown Binfeng Construction Management Co., Ltd. to an independent third party for RMB nil consideration and resulted an insignificant disposal loss.

In June 2018, the Group disposed of its 65% equity interests in Greentown Commercial Factoring (Shanghai) Co., Ltd. to an associate for a cash consideration of RMB130,000,000.

28. Disposal of Subsidiaries (continued)

In June 2018, the Group disposed of its entire 100% equity interests in Zhejiang Greentown Materials and Equipments Co., Ltd. ("Zhejiang Greentown Materials") to an associate for a cash consideration of approximately RMB50,710,000. Hong Kong Greentown Decoration Trading Development Limited and Hong Kong Greentown Trading and Development Co., Ltd. are wholly-owned subsidiaries of Zhejiang Greentown Materials, therefore were also disposed by the Group.

A summary of the effects of the disposal of these subsidiaries is as follows:

	Six months ended 30 June 2018 RMB'000
Net assets disposed of:	
Property, plant and equipment	518
Rental paid in advance	1,189
Properties under development	1,965
Inventories	34
Trade and other receivables, deposits and prepayments	210,590
Amounts due from related parties	4,787,137
Prepaid income taxes	196
Prepaid other taxes	31
Bank balances and cash	79,194
Assets classified as held for sale	1,339,427
Contract liabilities	(8,695)
Trade and other payables	(42,810)
Amounts due to related parties	(614,591)
Income taxes payables	(449)
Other taxes payables	(1,332)
Bank and other borrowings	(4,149,424)
Liabilities associated with assets classified as held for sale	(1,128,538)
	474,442
Transferred to interests held and classified as an associate and a joint venture	(70,439)
Transferred to interests held and classified as an investment in equity instrument at FVTOCI	(453)
Net gain on disposal of subsidiaries	490,551
Non-controlling interests	(18,650)
Total consideration	875,451
Total consideration, satisfied by:	
Cash received	248,000
Consideration receivable	340,710
Interest in a joint venture	286,741
	875,451
Net cash inflow arising on disposal:	
Bank balances and cash disposed of	(79,194)

29. Commitments

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Commitments contracted for but not provided in the condensed consolidated financial statements in respect of:		
Properties for development and properties under development and construction in progress	**26,143,571**	19,815,145

In addition to the above, the Group's share of the commitments of its joint ventures is as follows:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Contracted for but not provided in respect of properties for development and properties under development	**1,412,657**	2,372,988

30. Pledge of Assets

At the end of the interim period, the following assets were pledged to banks and other parties to secure credit facilities granted to the Group:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Property, plant and equipment	**3,949,520**	3,979,070
Prepaid lease payment	**321,589**	405,927
Properties for development	**12,306,455**	2,776,070
Properties under development	**38,073,242**	27,430,019
Completed properties for sale	**256,476**	130,095
Investment properties	**940,000**	940,000
Amount due from a joint venture	**10,103**	–
Pledged bank deposits	**5,497,394**	5,907,338
Interests in associates	**493,913**	499,938
Interests in joint ventures	**–**	290,418
	61,848,692	42,358,875

31. Contingent Liabilities

Guarantees

The Group provided guarantees of RMB35,245,307,000 as at 30 June 2018 (as at 31 December 2017: RMB30,777,464,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Group also provided guarantees to banks and other parties in respect of credit facilities utilised by the following companies:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Credit guarantees provided to:		
Associates	**7,884,230**	9,300,000
Joint ventures	**6,507,200**	7,464,340
	14,391,430	16,764,340
Mortgage and charge guarantees provided to:		
Associates	**926,324**	–
Joint ventures	**1,781,463**	–
	2,707,787	–
Total	**17,099,217**	16,764,340

31. Contingent Liabilities (continued)

Guarantees (continued)

Contingent liabilities arising from interests in associates at the end of the interim period:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Share of mortgage loan guarantees provided by associates to banks in favour of its customers	**4,758,301**	3,588,963

Contingent liabilities arising from interests in joint ventures at the end of the reporting period:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Share of mortgage loan guarantees provided by joint ventures to banks in favour of its customers	**2,670,390**	4,098,424

The directors consider that the fair value of the above guarantees is insignificant on initial recognition and it is not probable that an outflow in settlement will be required.

32. Related Party Disclosures

(i) During the six months ended 30 June 2018, in addition to those disclosed in other notes to the condensed consolidated financial statements, the Group had the following significant transactions with related parties:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Sales of materials to joint ventures and associates (note)	**10,376**	573
Construction service income from joint ventures and associates (note)	**7,067**	–
Rental expenses paid/payable to Shareholders' companies	**4,661**	8,916
Purchases from associates (note)	**41,972**	832
Property management fees paid/payable to Shareholders' companies	**–**	39,448
Interest income arising from amounts due from:		
– associates (note)	**104,401**	127,403
– joint ventures (note)	**239,480**	33,603
– non-controlling shareholders	**18,874**	9,227
Interest expense arising from amounts due to:		
– associates (note)	**7,416**	88,994
– joint ventures (note)	**91,138**	66,433
– non-controlling shareholders	**204,159**	81,948
– Shareholders' companies	**18,938**	17,254
Advertising expenses paid/payable to:		
– joint ventures (note)	**50,000**	–
– Shareholders' companies	**–**	35,000
Comprehensive service income from associates (note)	**1,196**	8,956
Hotel management fees paid/payable to Shareholders' companies	**1,539**	–
Hotel service income from joint ventures and associates (note)	**589**	275
Rental income from Shareholders' companies	**–**	228
Rental income from joint ventures (note)	**2,315**	–
Interior decoration service income from:		
– associates (note)	**163,658**	254,074
– joint ventures (note)	**32,149**	6,137
– Shareholders' companies	**287**	1,504
Healthcare service fee to Shareholders' companies	**678**	840
Landscape construction fee to associates (note)	**3,697**	18,181
Educational services framework fee to Shareholders' companies	**39**	–
Construction design fees paid to non-controlling shareholders	**4,719**	3,921

Note: The transactions with joint ventures and associates are presented gross before elimination of unrealised profits or losses attributable to the Group.

The transactions above are presented net of taxes.

The directors considered that the transactions above were carried out in accordance with the terms agreed with the counterparties.

Mr SONG Weiping, Mr SHOU Bainian, Ms XIA Yibo and CCCG are each a "Shareholder", and collectively the "Shareholders", of the Company. Shareholders' Companies represent companies owned by the Shareholders and affiliates.

32. Related Party Disclosures (continued)

(ii) During the six months ended 30 June 2018, in addition to those disclosed in note 27, the Group made the following acquisitions from related parties:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Acquisitions of additional interests in subsidiaries from non-controlling shareholders	**287,854**	26,000

(iii) Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 30 June 2018 was as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Short-term benefits	**13,055**	10,398
Post-employment benefits	**130**	127
Share-based payment	**40,032**	–
	53,217	10,525

Definition

In this interim report, unless the context otherwise requires, the following expressions have the following meanings:

2006 Share Option Scheme	The share option scheme adopted by a resolution of the shareholders of the Company on 22 June 2006
Board	The Board of Directors of the Company
CCCG	China Communications Construction Group (Limited) (中國交通建設集團有限公司), a wholly state-owned company established in the PRC and a substantial Shareholder of the Company
Company/Greentown/ Greentown China	Greentown China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
Directors	The directors of the Company
GFA	Gross floor area
Greentown Asset Management	Greentown Asset Management Group Co., Ltd.* (綠城資產管理集團有限公司), a company established in the PRC and a wholly owned subsidiary of the Company
Greentown Group	Greentown China Holdings Limited and its subsidiaries together with its joint ventures and associates
Greentown Project Management	Greentown Real Estate Project Management Group Co., Ltd.* (綠城房地產建設管理集團有限公司), a company established in the PRC and a wholly owned subsidiary of the Company
Group	Greentown China Holdings Limited and its subsidiaries
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
Period/Reporting Period	The six months ended 30 June 2018
PRC/China	The People's Republic of China

SFO	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
Share Option Scheme	The share option scheme adopted by a resolution of the shareholders of the Company on 17 June 2016
Shares	The shares of the Company
sqm	Square metres
Stock Exchange/HKEx	The Stock Exchange of Hong Kong Limited
Wharf	The Wharf (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00004)

* *For identification purposes only*

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