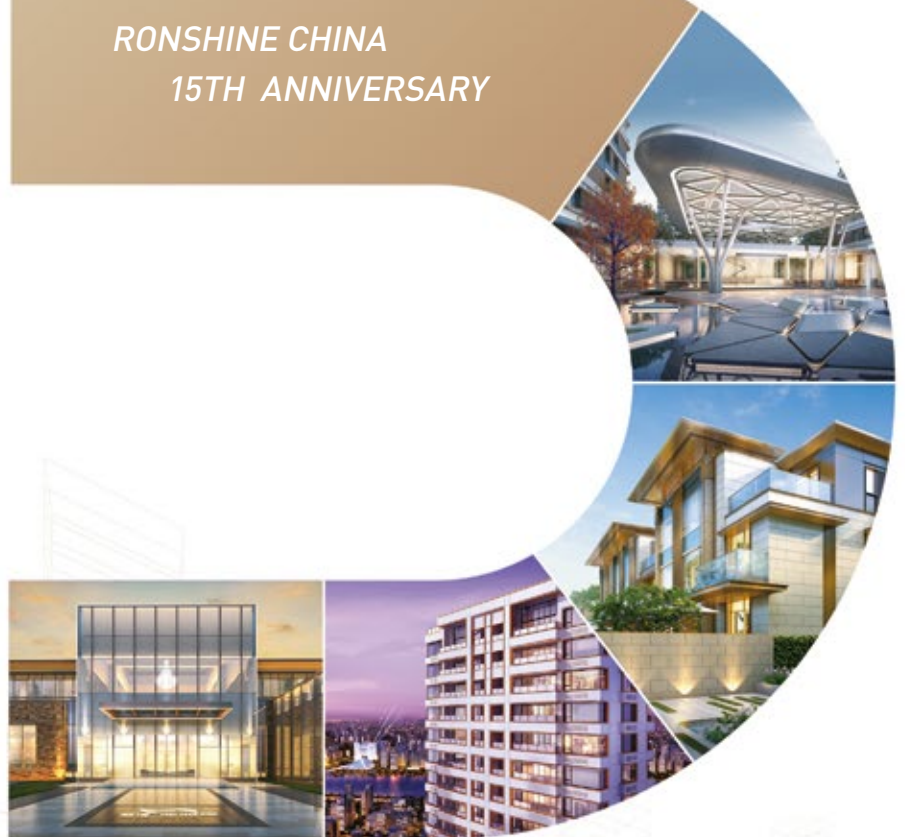


2018 | INTERIM REPORT

RONSHINE CHINA
15TH ANNIVERSARY



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Ms. Chen Shucui

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUDITOR

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

LEGAL ADVISERS

As to Hong Kong law:
Sidley Austin

As to Cayman Islands law:
Conyers Dill & Pearman

As to PRC law:
Dentons

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1210, 12/F
ICBC Tower
3 Garden Road
Central
Hong Kong

JOINT COMPANY SECRETARIES

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

AUTHORISED REPRESENTATIVES

Mr. Ou Zonghong
Ms. Ng Wing Shan

PRINCIPAL BANKERS

Bank of China Limited
Agricultural Bank of China Limited
Industrial and Commercial Bank of China Limited

WEBSITE

www.rongxingroup.com

STOCK CODE

STOCK

HKEx: 3301

BOND

US\$400,000,000 6.95% Senior Notes due 2019
Common Code: 152895577
ISIN: XS1528955773

US\$800,000,000 8.25% Senior Notes due 2021
Common Code: 174766592
ISIN: XS1747665922

Financial Highlights

The board (the “**Board**”) of directors (the “**Directors**”) of Ronshine China Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2018.

	For the six months ended 30 June		Change in percentage
	2018	2017	
Revenue (RMB'000)	14,287,533	11,900,869	20.1%
Cost of sales (RMB'000)	(10,101,640)	(9,691,237)	4.2%
Gross profit (RMB'000)	4,185,893	2,209,632	89.4%
Other income and other gains (RMB'000)	47,160	18,447	155.7%
Profit before income tax (RMB'000)	3,951,066	2,039,956	93.7%
Profit for the period (RMB'000)	2,253,594	1,118,006	101.6%
– attributable to owners of the Company (RMB'000)	1,523,912	687,851	121.5%
– attributable to non-controlling interests (RMB'000)	629,804	305,403	106.2%
– attributable to holders of Perpetual Capital Instruments (RMB'000)	99,878	124,752	-19.9%
		As at	
	As at	31 December	Change in
	30 June 2018	2017	percentage
Total assets (RMB'000)	186,285,332	170,196,275	9.5%
Total liabilities (RMB'000)	153,199,940	139,435,222	9.9%
Total equity (RMB'000)	33,085,392	30,761,053	7.6%
Capital and reserves attributable to owners of the Company (RMB'000)	12,653,544	10,224,277	23.8%

Business Review and Outlook

SUMMARY OF PRINCIPAL PROPERTIES

The table below sets forth the details of the property development projects of the Group as at 30 June 2018.

PROJECTS DEVELOPED BY THE GROUP

As at 30 June 2018, the subsidiaries, joint ventures and associated companies of the Group engaged in a total of 147 property development projects.

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
1 David City (融信•大衛城)	Fuzhou	191,254.70	100.00%	Residential	430,355.02	6,641.08	1-May-2013
2 Lan County (融信•瀾郡)	Fuzhou	69,618.40	100.00%	Residential	269,859.01	20,946.69	1-Aug-2014
3 David City (融信•平潭大衛城)	Fuzhou	111,320.48	51.00%	Residential	428,710.50	45,737.05	16-Nov-2017
4 The Coast (融信•後海)	Fuzhou	49,959.00	100.00%	Residential	165,979.48	14,775.88	16-Sep-2016
5 The Twin Harbour City (融信•雙杭城)	Fuzhou	259,519.00	100.00%	Residential	1,311,286.93	941,245.11	18-Aug-2018
6 The Long Island (融信•長島)	Fuzhou	185,196.00	100.00%	Residential	448,200.55	189,217.84	18-Dec-2018
7 "Hot Spring City" (福州溫泉城項目)	Fuzhou	1,018,836.00	50.00%	Residential	1,662,219.56	1,284,511.68	20-Dec-2020
8 Lan Hill (世歐瀾山)	Fuzhou	48,313.00	50.00%	Residential	168,758.48	5,367.59	15-Feb-2015
9 Show Kingdom (世歐王莊)	Fuzhou	250,708.48	50.00%	Residential	1,844,304.65	102,745.55	15-Dec-2015
10 Huayun Mansion (華雲山莊)	Fuzhou	161,008.40	25.50%	Residential	258,248.00	199,272.53	19-Dec-2019
11 Ocean City (融信•海上城)	Xiamen	51,344.19	100.00%	Residential	430,655.11	19,534.22	16-Oct-2016
12 Xiamen Bowan (廈門同安鉞灣)	Xiamen	39,715.25	100.00%	Residential	185,558.66	136,601.13	20-May-2020
13 Lan Garden (融信•瀾園)	Zhangzhou	56,765.70	100.00%	Residential	322,291.00	5,441.90	15-Dec-2015
14 Festival City (融信•觀山海)	Zhangzhou	94,190.00	100.00%	Residential	273,051.36	38,187.22	16-Jan-2017
15 Future City (融信•未來城)	Zhangzhou	41,644.64	100.00%	Residential	160,438.00	25,267.45	16-Aug-2017
16 College City (學院名築)	Zhangzhou	71,217.99	100.00%	Residential	221,033.24	66,420.09	18-Jul-2018
17 Zhangzhou Harbor B8 Lot (漳州港B8)	Zhangzhou	69,988.00	100.00%	Residential	143,647.30	5,277.14	18-Dec-2018
18 Imperial Villa (融信•鉞灣)	Shanghai	121,376.80	51.00%	Residential	202,326.40	32,156.00	16-Dec-2016
19 Shanghai Huacao Lot I (閔行區華漕鎮MHPO-1402單元41-02地塊)	Shanghai	26,360.30	50.00%	Office	117,903.52	15,950.20	16-Dec-2016
20 Shanghai Huacao Lot II (Kairi)(閔行區華漕鎮MHPO-1402單元35-01地塊(愷日))	Shanghai	13,455.90	50.00%	Office	48,226.59	34,333.51	19-Dec-2018
21 Shanghai Huacao Lot III (Kaichong)(閔行區華漕鎮MHPO-1402單元36-01地塊(愷崇))	Shanghai	10,994.90	25.00%	Office	37,572.89	25,905.86	18-Dec-2018
22 Shanghai Huacao Lot IV (Kaichang)(閔行區華漕鎮MHPO-1402單元42-01地塊(愷暢))	Shanghai	30,921.50	50.00%	Office	106,744.00	12,625.67	18-Dec-2017
23 Platinum (融信•鉞爵)	Shanghai	21,195.60	51.00%	Residential	103,055.00	34,019.51	18-Nov-2018
24 Shanghai Jingan Zhangxin Lot (靜安中興地塊)	Shanghai	31,034.10	50.00%	Residential	149,836.40	115,014.00	20-Dec-2020

Business Review and Outlook

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time	
25	Shanghai Qingpu Lot (青浦36-01地塊)	Shanghai	36,279.00	30.50%	Residential	161,959.90	123,936.01	20-Dec-2020
26	Xinjiangwan City (新江灣城)	Shanghai	39,805.80	50.00%	Residential	102,476.00	86,926.78	20-Dec-2020
27	Blue Peacock Phase I (杭州藍孔雀一期)	Hangzhou	28,215.00	51.00%	Residential	125,278.40	7,943.76	16-Jan-2017
28	Blue Peacock Phase II (杭州藍孔雀二期)	Hangzhou	56,521.00	51.00%	Residential	210,817.31	11,818.63	16-Jan-2017
29	Hangzhou Mansion (融信•杭州公館)	Hangzhou	45,573.99	100.00%	Residential	229,099.71	26,657.90	16-Jun-2017
30	Lan Sky 融信•瀾天	Hangzhou	71,488.00	100.00%	Residential	244,592.00	37,116.39	18-Dec-2018
31	Yangxing Capital 融信•永興首府	Hangzhou	44,307.00	26.01%	Residential	157,124.80	26,992.48	19-Dec-2018
32	Xiaoshan Residence 融信•蕭山公館	Hangzhou	41,642.00	75.01%	Residential	131,817.40	27,008.00	19-Dec-2018
33	Jingkai Project (經開地塊)	Hangzhou	42,709.00	25.50%	Residential	166,196.62	60,558.21	19-Jun-2019
34	Yinhe Primary School Project (銀河小學地塊)	Hangzhou	43,686.00	51.00%	Residential	189,849.60	85,205.61	19-Jul-2019
35	Qinglong Project (慶隆地塊)	Hangzhou	27,845.00	51.00%	Residential	117,070.90	86,511.94	19-May-2019
36	Seattle (西雅圖)	Hangzhou	62,190.00	50.00%	Residential	240,670.28	170,044.30	19-Jun-2019
37	Qianjiang Century City Project (錢江世紀城地塊)	Hangzhou	60,620.00	70.00%	Residential	241,025.46	131,754.31	19-Jun-2019
38	Nanjing Jiulonghu Project (南京九龍湖NO. 2016G73地塊)	Nanjing	42,707.52	100.00%	Residential	351,699.72	336,750.25	20-Nov-2020
39	Kunshan Project (昆山(2016)2-4地塊)	Suzhou	76,671.70	50.00%	Residential	280,319.55	170,837.98	20-Dec-2020
40	West Coast (融信•陽光城西海岸)	Fuzhou	124,827.28	50.00%	Residential	498,115.32	53,274.40	16-Dec-2016
41	Imperial Land (一品江山)	Zhangzhou	94,291.42	50.00%	Residential	316,346.36	51,280.87	17-Apr-2018
42	Shanghai Xujing Project (徐涇鎮會展中心)	Shanghai	184,292.80	50.00%	Commercial	826,965.68	138,535.95	18-Aug-2018
43	Hangzhou Wocheng Project (杭州臥城地塊)	Hangzhou	59,494.00	34.00%	Residential	206,868.03	27,295.46	19-Jun-2019
44	Nanjing Xianlin Project (南京仙林2016G58地塊)	Nanjing	106,002.49	38.71%	Residential	335,078.73	323,631.00	18-Dec-2018
45	Zhangzhou Wanke City (漳州萬科城)	Zhangzhou	235,606.37	20.00%	Residential	1,040,221.43	797,167.48	17-Dec-2017
46	Hangzhou Yuhang Lot (余杭2016(48)號地塊)	Hangzhou	24,560.00	100.00%	Residential	61,640.00	61,200.00	19-Mar-2019
47	Zijin Mountain Sports Park Lot (紫金山體育公園地塊)	Longyan	53,131.00	51.00%	Residential	164,000.00	56,659.77	19-Nov-2019
48	Zhangzhou 2017P01 Lot (漳州2017P01地塊)	Zhangzhou	52,438.88	100.00%	Residential	193,100.00	175,034.44	20-Mar-2020
49	Nanjing Jiangning Lot (江寧2017G02地塊)	Nanjing	82,627.65	50.00%	Residential	197,670.00	194,650.00	20-Mar-2020
50	Chengdu Jinniu Lot (金牛三號宗地)	Chengdu	11,100.00	100.00%	Residential	61,400.00	59,862.00	19-Aug-2019
51	Tianjin Jinghai Lot (靜海2013-92號地塊)	Tianjin	106,000.00	100.00%	Residential	179,200.00	155,636.00	20-Jul-2020
52	Tianjin Jinnan Lot (津南2016-06號地塊)	Tianjin	68,970.00	100.00%	Residential	130,100.00	105,198.00	20-Jul-2020
53	Fuzhou Guihu 2017-07 Lot (桂湖壟頭2017-07地塊)	Fuzhou	58,563.00	50.00%	Residential	175,800.00	173,800.00	20-Nov-2020

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
54 Fuzhou Guihu 2017-08 Lot (桂湖壘頭2017-08地塊)	Fuzhou	22,885.00	50.00%	Residential	38,100.00	37,100.00	20-Nov-2020
55 Fuzhou Guihu 2017-09 Lot (桂湖壘頭2017-09地塊)	Fuzhou	24,227.00	50.00%	Residential	69,400.00	68,400.00	20-Nov-2020
56 Putian Xibai Lot (溪白村2017-04地塊)	Putian	37,289.36	100.00%	Residential	155,100.00	112,953.00	20-May-2020
57 Guangzhou Zengcheng Lot (廣州增城地塊)	Guangzhou	28,001.00	50.00%	Residential	113,900.00	72,700.00	20-May-2020
58 Xiamen Tongan Lot (同安2017P01地塊)	Xiamen	11,386.12	100.00%	Residential	37,400.00	34,775.00	20-Apr-2020
59 Chongqing Banan Lot (重慶巴南地塊)	Chongqing	117,541.00	50.00%	Residential	330,300.00	325,327.39	19-Feb-2019
60 Jinhua 2017-07 Lot (金華2017-07地塊一)	Jinhua	64,604.83	50.00%	Residential	173,200.00	132,494.75	19-Nov-2019
61 Hangzhou Jingjiang Lot (靖江花神廟地塊)	Hangzhou	48,543.00	100.00%	Residential	126,900.00	61,038.00	20-Jun-2020
62 Shaoxing Shengzhou Lot (紹興嵊州地塊)	Shaoxing	248,819.00	100.00%	Residential	753,083.50	660,100.25	20-May-2020
63 Hangzhou Xiaoshan Lot (蕭山2017-1號地塊)	Hangzhou	47,326.00	51.00%	Residential	171,500.00	168,997.00	20-Jul-2020
64 Quzhou 2017(4) Lot (衢州(2017)4號地塊)	Quzhou	85,300.00	45.00%	Residential	209,600.00	137,952.58	18-Sep-2018
65 Ningbo Fenghua Lot (寧波奉化地塊)	Ningbo	45,993.00	25.50%	Residential	140,005.00	138,179.00	20-Feb-2020
66 Zhengzhou Zhongmou Lot (鄭州中牟縣地塊)	Zhengzhou	64,876.00	100.00%	Office	252,600.00	251,200.00	19-Sep-2019
67 Hangzhou 2016-35 Lot (杭政儲出(2016)35號)	Hangzhou	40,685.00	16.00%	Residential	83,868.69	57,308.19	15-Dec-2020
68 Hangzhou 2016-44 Lot (杭政儲出(2016)44號)	Hangzhou	42,357.00	7.00%	Residential	96,140.02	95,038.14	25-Jun-2021
69 Nanjing 2017G31 Lot (NO.2017G31地塊)	Nanjing	108,521.76	7.28%	Residential	643,841.00	636,741.46	20-Jan-2020
70 Nanjing 2017G36 Lot (NO.2017G36地塊)	Nanjing	54,173.00	10.00%	Residential	236,530.60	233,838.00	1-Jun-2021
71 Jinhua 2017-10 Lot (金市土讓告字(2017)10號)	Jinhua	43,597.00	49.00%	Residential	65,396.26	44,591.70	1-Aug-2019
72 Hangzhou 2017-44 Lot (杭政儲出(2017)44號)	Hangzhou	53,417.00	67.00%	Residential	216,736.60	210,309.00	1-Dec-2019
73 Hangzhou 2017-42 Lot (杭政儲出(2017)42號)	Hangzhou	39,950.00	25.00%	Residential	157,841.63	149,984.74	1-Dec-2019
74 Hangzhou 2017-14 Lot (蕭政儲出(2017)14號)	Hangzhou	63,742.00	25.60%	Residential	194,618.13	192,846.11	1-Aug-2020
75 Fuzhou 2017-06 Lot (馬宗地2017-06號地塊)	Fuzhou	113,570.00	13.33%	Residential	216,400.00	194,615.00	1-May-2020
76 Hangzhou 2017-20 Lot (蕭政儲出(2017)20號)	Hangzhou	106,872.00	25.30%	Residential	421,517.30	395,925.44	1-May-2020

Business Review and Outlook

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
77 Xinyang Yijiangnan Lot-1 (滎陽憶江南地塊-1)	Zhengzhou	236,877.44	51.00%	Residential	607,514.59	594,984.74	1-Mar-2021
78 Fuzhou 2017-23 Lot (宗地2017-23地塊)	Fuzhou	25,668.00	100.00%	Residential	85,600.00	84,920.60	1-Apr-2021
79 Zhoushan 2017-007 Lot (2017-007地塊)	Zhoushan	77,162.00	34.00%	Residential	202,096.70	177,410.00	1-Jun-2021
80 Hangzhou 2017-43 Lot (余政儲出(2017)43號)	Hangzhou	104,698.00	25.50%	Residential	290,176.00	268,745.00	1-Dec-2020
81 Tongling Lanshan Fu (銅陵瀾山府)	Tongling	60,475.00	44.45%	Residential	161,075.00	116,728.14	30-Oct-2019
82 Ganzhou Rongxitai (贛州榕臺)	Ganzhou	39,013.00	29.70%	Residential	116,895.73	38,291.81	1-Dec-2019
83 Luan 2017-14 Lot (六出2017-14號地塊)	Luan	144,532.00	55.00%	Residential	347,695.00	245,274.57	30-Apr-2020
84 Suzhou Tang Ning Fu (唐寧府)	Suzhou	106,303.44	52.25%	Residential	278,962.28	125,218.88	30-May-2019
85 Suzhou Changqiao Yayuan (長橋雅苑)	Suzhou	161,117.73	55.00%	Residential	187,443.00	81,005.62	1-May-2019
86 Hai Liang Yue Fu (海亮·悅府)	Fuyang	145,024.00	55.00%	Residential	400,569.59	64,242.28	2-Feb-2018
87 The Riverside Mansion (海亮·江灣城)	Fuyang	114,375.80	55.00%	Residential	388,881.00	55,233.69	15-Jun-2018
88 Hai Liang Xingfu Li (海亮·幸福里)	Fuyang	154,391.00	38.50%	Residential	402,143.00	226,942.48	5-Dec-2018
89 Xingfu Li East County (幸福里東郡)	Fuyang	86,710.00	55.00%	Residential	293,513.86	159,402.85	31-Dec-2019
90 Xingfu Li North County (幸福里北郡)	Fuyang	47,886.00	55.00%	Residential	141,097.11	102,514.01	30-Aug-2020
91 Bengbu Hai Liang Ming Zhu (蚌埠海亮明珠)	Bangbu	187,378.33	55.00%	Residential	231,286.00	76,069.87	1-Dec-2018
92 Bengbu Hai Liang Tian Yu (蚌埠海亮天御)	Bangbu	126,792.00	55.00%	Residential	316,515.00	78,657.87	1-Sep-2019
93 Hailiang Official Mansion (六安海亮官邸)	Luan	122,913.00	55.00%	Residential	173,061.73	44,028.35	1-Mar-2019
94 Hefei Hailiang Palais Jardin (九臺花園)	Hefei	193,815.16	55.00%	Residential	45,502.00	42,954.62	29-Nov-2018
95 Hefei Orchid Land (蘭郡花園)	Hefei	12,685.00	55.00%	Residential	11,716.12	7,460.66	31-May-2016
96 Hailiang Rubellite (紅臺台公館)	Hefei	12,119.00	55.00%	Residential	33,890.00	25,513.48	3-Mar-2017
97 Tangning Mansion (唐寧府)	Hefei	25,959.43	19.57%	Residential	74,286.94	69,722.99	1-Dec-2018
98 Hailiang Heavenly Mansion (海亮天御)	Xuancheng	71,320.00	55.00%	Residential	123,337.00	23,945.48	1-Dec-2019
99 Hailiang time ONE (海亮時代ONE)	Zhengzhou	50,053.14	55.00%	Commercial	304,685.00	66,441.32	30-Nov-2020
100 Hai Liang Xin Ying Li (海亮·新英里)	Xi'an	103,317.34	55.00%	Residential	293,068.00	87,961.15	30-Nov-2020
101 Hai Liang De Wen Jun (海亮·德文郡)	Xi'an	69,763.41	42.35%	Residential	225,344.00	103,289.43	30-May-2021
102 Hai Liang Tang Ning Fu (海亮·唐寧府)	Xi'an	70,065.04	26.40%	Residential	267,799.96	171,994.70	30-Sep-2020
103 Hai Liang Xi Yue (海亮熙悅)	Xi'an	63,448.10	7.00%	Residential	310,371.00	277,576.92	30-Nov-2020
104 Lanzhou Hailiang Heyuan (海亮和園)	Lanzhou	28,040.20	52.25%	Residential	17,871.00	5,684.77	30-May-2016
105 Lanzhou Xi'an Hua Fu (熙岸華府)	Lanzhou	65,784.80	52.25%	Residential	264,701.52	110,785.09	30-Oct-2018
106 Hailiang Da Du Hui (海亮大都匯)	Xi'ning	193,613.90	55.00%	Residential	433,005.94	190,565.57	31-Oct-2019
107 Hailiang International Community (海亮國際社區)	Yinchuang	797,960.04	55.00%	Residential	138,064.00	21,151.86	31-Dec-2012
108 Binhe No.1 Project (濱河壹號)	Yinchuang	157,815.00	55.00%	Residential	256,818.61	148,896.63	31-Jul-2018
109 Haimao No.1 Project (海茂壹號院)	Yinchuang	176,146.41	26.95%	Residential	408,745.08	151,272.69	31-Dec-2018
110 Shiyuefu Project (世悅府)	Yinchuang	136,828.38	26.95%	Residential	384,114.00	209,764.06	30-Sep-2019

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
111 Hailiang Skyscrapers (海亮天城)	Ganzhou	148,919.07	55.00%	Residential	329,683.00	122,504.85	31-Mar-2019
112 Yijing Garden (頤景花園)	Huaiyuan	2,015.70	55.00%	Residential	5,821.00	5,803.28	30-Apr-2019
113 Jurong 2017-J10-2-02 Lot (句容2017-J10-2-02號地塊)	Zhengjiang	53,873.00	18.00%	Residential	145,462.62	143,416.11	8-Mar-2020
114 Hushu Lot (湖墅地塊)	Hangzhou	14,684.00	40.00%	Residential	49,994.80	47,957.11	8-Jan-2020
115 Tongxiang 2017-52 Lot (桐鄉2017-52號地塊)	Jiaxing	62,774.55	18.00%	Residential	195,908.21	193,451.50	29-Dec-2019
116 Haining 2018-004 Lot (海士字(2018)004號地塊)	Jiaxing	53,873.00	100.00%	Residential	111,019.12	110,323.74	6-Mar-2020
117 Xiaoshan 2018-4 Lot (蕭政儲出(2018)4號地塊)	Hangzhou	52,780.00	20.00%	Residential	95,047.05	93,658.05	29-Jan-2020
118 Jiepai 3# Lot (界牌3#地塊)	Ningbo	113,857.00	21.00%	Residential	253,593.95	249,644.66	1-Mar-2020
119 Xiaoshan 2018-14 Lot (蕭政儲出(2018)14號地塊)	Hangzhou	93,039.00	42.10%	Residential	250,357.30	247,000.50	16-Apr-2020
120 Anji Lot (安吉地塊)	Huzhou	53,254.00	24.90%	Residential	113,938.00	112,019.09	11-Jun-2020
121 Xinyang Yijiangnan Lot-2 (滎陽憶江南地塊-2)	Zhengzhou	302,573.23	100.00%	Residential	439,091.33	433,645.78	30-Jun-2020
122 Xinjin Lot (新津地塊)	Chengdu	22,731.50	87.00%	Residential	80,810.32	80,574.00	27-Mar-2020
123 Fuyang 2017-33 Lot (阜陽2017-33號地塊)	Fuyang	77,605.00	18.00%	Residential	212,703.86	210,703.86	12-Jan-2020
124 Beihai Bridge Lot (北海大橋地塊)	Dongtai	55,320.00	14.00%	Residential	129,627.92	127,627.92	22-Mar-2020
125 Mengcheng 2018-6 Lot (蒙城2018-6號地塊)	Mengcheng	71,359.39	23.00%	Residential	180,356.75	178,356.75	29-Mar-2020
126 Xinyang Yijiangnan Lot-3 (滎陽憶江南地塊-3)	Zhengzhou	80,190.01	51.00%	Residential	228,831.00	226,273.00	25-Jun-2020
127- Others 147		1,535,432.45		Residential	2,521,876.66	24,309.32	
Total:		13,486,112.29			35,292,712.33	18,414,819.25	
Attributable total:		7,549,303.13			19,888,928.76	9,565,410.95	

OVERVIEW AND OUTLOOK

Market and business review

During the first half of 2018, in a complicated and turbulent international economic and political situation, the Government of the People's Republic of China (“**China**”, or “**PRC**”) had its policies adjusted in a timely manner to ensure the sustained and healthy development of its economy. In respect of the real estate market, it adhered to the principle of applying specific policies in specific places while striving to maintain the balance between supply and demand, straightening market order, and accelerating the construction of a long-term mechanism to ensure the stable and healthy development of the industry. In line with the steady economic development, the Chinese people's pursuit of better living is getting increasingly essential day by day. Driven by the urbanization process and the need for improvement, people's demand for quality housing continued to grow. According to the National Bureau of Statistics of China, in the first half of 2018, the trading volume of commodity housing reached 771.4 million sq.m., representing an increase of 3.3% as compared with the same period of last year, while the sales of commodity housing amounted to RMB6,694.5 billion, representing an increase of 13.2% as compared with the same period of last year.

2018 witnessed the 15th year of the Group's endeavor and pursuit of quality and excellence in the real estate industry. By virtue of its relentless pursuit of quality and the precise comprehension of the economic cycles and market demand, the Group recorded ideal sales and cashflow in the six months ended 30 June 2018 (the “**Period**”) notwithstanding the regulatory measures implemented by the governments frequently. During the Period, the Group (including its joint ventures and associates) achieved contracted sales of RMB54.53 billion, with contracted sales area of approximately 2,537,000 sq.m. and an average contracted sales price of RMB21,494 per sq.m. According to China Real Estate Information Corporation, the contracted sales and contracted sales area of the Group (including its joint ventures and associates) increased by approximately 75.7% and 124.9% respectively, compared with the same period of last year.

During the Period, the Group recorded a revenue of approximately RMB14.29 billion, representing an increase of approximately 20.1% as compared with the corresponding period of last year, with its gross profit and net profit amounting to RMB4.19 billion and RMB2.25 billion respectively, representing an increase of approximately 89.4% and 101.6% respectively, as compared with the corresponding period of last year. This is primarily because the Group delivered proportionally more properties at comparatively higher profit margin in the first half of 2018 as compared to the properties which the Group delivered in the first half of 2017. The weighted average effective interest rate of the Group was approximately 7.1%, representing an increase of 0.2 percentage point as compared with the end of 2017.

Embracing a mission of “Making China a Better Place (為更美麗的中國)” and the belief in “Shaping our Cities with Excellence (以品質影響城市)”, the Group further extended its presence to Changsha City located in the middle reaches of the Yangtze River during the Period, aiming to complete its layout with eight core urban agglomerations across the country, including the west coast of the Straits, the Yangtze River Delta, middle reaches of the Yangtze River, the Greater Bay Area, the Beijing-Tianjin-Hebei Region, Zhongyuan (Central Plain), Southwest China and Northwest China Urban Agglomeration. In the first half of 2018, on the basis of the existing high-quality land bank, the Group carefully studied the market conditions and

adopted a more prudent land acquisition policy, initiating 14 new land projects during the Period, adding 2.49 million sq.m. of quality land to its reserves, at an equity consideration of approximately RMB4.13 billion. As at 30 June 2018, the Group has established its presence in 38 cities, operating a total of 147 projects, with land reserves of approximately 25.17 million sq.m..

In this year which witnessed our march towards a property developer with contracted sales of RMB100 billion, the Group set its strategic focus on achieving “Balanced Development” while adhering to quality. With the primary goal of “Guaranteeing Profitability” and “Lowering Leverage”, the Group aims to achieve a steady growth with excellent quality.

During the Period, the Group maintained its focus on the development of mid-to high-end residential properties, and continued to upgrade its products and carry on technological innovations in line with the customers’ needs for improvements. Through the creation of the eight product series represented by the High-end Residential Series (the “Century Series (世紀系)” and “House Series (公館系)”), the Quality Product Series (“Villa Series (墅系)”, “Mansion Series (府系)”, “Lan Series (瀾系)”, and “City Series (城系)”), and the High-end Commercial Series (“Center Series (中心系)” and “Town Series (小鎮系)”), the quality benchmark and the brand influence has won us stronger bargaining capacity and bigger market share for our products. According to the statistics released by China Real Estate Business (中國房地產報), during the Period, the unit price of the Group’s contracted sales ranked 2nd among the TOP 30 Real Estate Developers. From the perspective of regional sales, the Group successfully maintained its leading position in Hangzhou, Fuzhou and Shanghai. According to statistics from E-House, in the first half of 2018, the Group ranked second in terms of equity sales in Hangzhou, first in terms of sales in Fuzhou, and fourth in terms of equity sales in Shanghai.

High-quality products that meet market demand and flexible sales strategies have brought stable cashflow and profitability to the Group. During the Period, on the premise of maintaining reasonable profits, the Group dynamically adjusted its pace of project development under the guideline of implementing specific policies for specific places and determining production with sales while continuously expanding the marketing channels, deeply exploring customer resources, exerting brand influence and fully upgrading the Group’s brand awareness and customer resources in the local areas by holding brand launches and so on. The Group attaches great importance to the customer experience and has been actively cultivating the community culture, e.g. the “Hello Community” in Hangzhou, aiming to achieve product premium, service premium and brand premium with the “Soft Power”. In the first half of 2018, the Group achieved a customer satisfaction score of 80 points, beating the industry average of 70 points.

In addition, during the Period, the Group actively implemented leverage lowering measures while diversifying the financing channels and optimizing its financial structure, preparing itself in terms of capital for a sound and sustainable development. During the Period, the Group successfully completed the issuance of three-year senior notes with an annual interest rate of 8.25%, totaling USD425 million. In June 2018, the Group completed the placing of a maximum of 103.5 million shares at HK\$10.62 per share, representing approximately 6.92% of its issued share capital and approximately 6.48% of its enlarged share capital, with net proceeds of approximately HK\$1.1 billion, which would be used for the development purposes and general working capital of the Group. This placing has introduced high-quality long-term investors to the Group, further expanding its shareholder base, optimizing its shareholder structure and successfully lowering its leverage.

The sufficient premium land bank, sustained high-speed growth and diversified financing channels have drawn the attention and recognition of professional institutional investors and associations. During the Period, the Group obtained the coverage of Citibank, Haitong International, Haitong Securities and China Investment Securities for the first time. In March 2018, the Group was ranked among “China’s Top 22 Real Estate Developers in 2018 (2018 中國房地產開發企業22強)” by the China Real Estate Association and the China Real Estate Appraisal Center. In May 2018, the Group was ranked among the “China’s Top 23 Most Competitive Listed Real Estate Developers in 2018 (2018 中國房地產上市公司綜合實力23強)” and “China’s Top 2 Fastest Growing Listed Real Estate Developers in 2018 (2018 中國房地產上市公司發展速度 TOP 2)” at the “2018 Press Conference for Evaluation of China’s Listed Property Developers and Summit of Listed Property Developers (2018 中國房地產上市公司測評成果發佈會暨上市房企高峰論壇)” jointly organized by China Real Estate Association and China Real Estate Appraisal Center of Shanghai E-House Real Estate Research Institute, in recognition of its outstanding comprehensive strength and strong development momentum.

The Group adheres to its corporate culture of “Responsibility, Efficiency, Contemplation and Innovation”, actively undertaking social responsibilities while striving for excellent product quality. Upholding its conviction of “Taking from Community and Returning to Community”, the Group carries out public welfare and cultural poverty alleviation projects, and has invested more than RMB200 million in its public welfare and poverty alleviation projects. In February 2018, Rongxin (Fuzhou) Investment Development Company Limited was awarded the plaque and certificate of “Fuzhou’s Enthusiastic Public Welfare Contributor Award” by the People’s Government of Fuzhou City. In the future, the Group will continue to apply its resources and advantages in practicing its social responsibilities under the corporate philosophy of pursuing “Stable Growth, Outstanding Quality and Social Responsibility”.

Prospects

Looking forward to the second half of 2018, China’s economy will witness a steady growth, with regulation and control in the real estate industry continuing and escalating, leading to the overall improvement in the supply and demand relationship, as well as stable property prices. The tone of regulation in the first- and second-

tier cities will shift from “Controlling Demand” to “Increasing Supply” so as to ensure medium- and long-term supply of land and guarantee “Effective Supply.” At the same time, the urbanization process, needs for improvement, and changes in household structure will lead to an increase in demand for quality and mid-to high-end residential products.

Looking forward, the Group will adhere to its development strategy of “Focus, Balance and Light Assets” while maintaining its focus on the development of medium and high-end residences, aiming to establish a benchmark for quality housing, and striving to become a practitioner, innovator and mission undertaker in “Making China a Better Place”. In terms of “Focus”, the Group will concentrate in residence, improvement and outstanding quality, and continue to develop high quality residential properties for the improvement of the living conditions of Chinese people, with its focus on the eight core urban agglomerations. In terms of “Balance”, the Group will strive to maintain a delicate balance between the scale, profit, and leverage, as well as the long-term balance between increment and stock, with its focus on the increment in the short term, while prudently building up its stock. In terms of “Light Assets”, the Group will, through the two light asset models, i.e. alliance with giants and complementary advantages, achieve export of its management expertise, and build new profit growth drivers.

Heading into an era of growth in quality, the Group will continue to cultivate its eight core urban agglomerations leveraging on its 15 years of ingenuity. Through prudent pre-market surveys, with priority given to the core cities and core areas in cities with endogenous demand, the Group will adopt active and prudent land acquisition strategies to continuously complete its layout in the cities, optimize its product mix, so as to achieve sustainable growth.

The Group believes that, in line with the basic tone of steady development of the country, the Group’s business will continue to grow steadily with its market position further consolidated leveraging on its precise grasp of market demand, persistent pursuit of quality and self-discipline in leveraging and with contributions from all its staff. Meanwhile, riding on its outstanding brand awareness and reputation, the Group will continue to assume the responsibility as a corporate citizenship and strive to develop its charitable causes. The Group, with strong determination and commitment, will do its best to reward the community and its shareholders with better operating results.

Management Discussion and Analysis

SUMMARY OF OPERATING RESULTS

	For the six months ended 30 June		Change in percentage
	2018	2017	
Contracted sales			
Contracted sales amount <i>(RMB'000)</i> ^(Note 1)	54,531,296	31,031,394	75.7%
Contracted gross floor area <i>(sq.m.)</i>	2,537,101	1,128,011	124.9%
Average unit price of contracted sales <i>(RMB/sq.m.)</i>	21,494	27,510	-21.9%
Property delivered			
Revenue from delivery of properties <i>(RMB'000)</i>	14,001,718	11,688,343	19.8%
Delivered gross floor area <i>(sq.m.)</i>	807,820	675,478	19.6%
Recognised average selling price of properties delivered <i>(RMB/sq.m.)</i>	17,333	17,304	0.2%
Revenue <i>(RMB'000)</i>	14,287,533	11,900,869	20.1%
Cost of Sales <i>(RMB'000)</i>	(10,101,640)	(9,691,237)	4.2%
Gross profit <i>(RMB'000)</i>	4,185,893	2,209,632	89.4%
Other income and other gains <i>(RMB'000)</i>	47,160	18,447	155.7%
Profit before income tax <i>(RMB'000)</i>	3,951,066	2,039,956	93.7%
Profit for the period <i>(RMB'000)</i>	2,253,594	1,118,006	101.6%
– attributable to owners of the Company <i>(RMB'000)</i>	1,523,912	687,851	121.5%
– attributable to non-controlling interests <i>(RMB'000)</i>	629,804	305,403	106.2%
– attributable to holders of Perpetual Capital Instruments <i>(RMB'000)</i>	99,878	124,752	-19.9%
Gross profit margin ^(Note 2)	29.3%	18.6%	10.7%
Net profit margin ^(Note 3)	15.8%	9.4%	6.4%

	As at	As at	Change in percentage
	30 June 2018	31 December 2017	
Total assets <i>(RMB'000)</i>	186,285,332	170,196,275	9.5%
Total liabilities <i>(RMB'000)</i>	153,199,940	139,435,222	9.9%
Total equity <i>(RMB'000)</i>	33,085,392	30,761,053	7.6%
Capital and reserve attributable to owners of the Company <i>(RMB'000)</i>	12,653,544	10,224,277	23.8%
Current ratio ^(Note 4)	1.58	1.69	-6.5%
Gearing ratio ^(Note 5)	1.40	1.59	-11.9%

Notes:

- (1) The amounts include the contracted sales from subsidiaries, associates and joint ventures of the Company.
- (2) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.
- (3) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.
- (4) The calculation of current ratio is based on current assets divided by current liabilities.
- (5) The calculation of gearing ratio is based on total borrowings less cash and bank balances and divided by total equity.

PROPERTY DEVELOPMENT

Contracted Sales

For the six months ended 30 June 2018, the Group achieved contracted sales of RMB54,531.29 million. The amount of the Group's contracted sales in Hangzhou, Shanghai, Fuzhou, Xi'an, Jinhua, Fuyang, Ganzhou, Lu'an, Quzhou, Shaoxing, Xiamen, accounted for (i) approximately 32.79%, 20.94%, 12.63%, 4.22%, 4.10%, 3.83%, 2.85%, 2.64%, 2.27%, 2.14% and 2.05% of the Group's total contracted sales amount for the six months ended 30 June 2018, respectively, and (ii) approximately 18.02%, 11.36%, 13.25%, 6.59%, 3.21%, 10.66%, 5.79%, 7.08%, 1.88%, 4.17% and 1.13% of the Group's total gross floor area ("GFA") of contracted sales for the six months ended 30 June 2018, respectively. The following table sets forth details of the contracted sales of the Group for the six months ended 30 June 2018:

	Amount (RMB million)	Percentage (%)	GFA (sq.m.)	Percentage (%)	Average selling price (RMB/sq.m.)
Hangzhou	17,883	32.79%	457,289	18.02%	39,107
Shanghai	11,419	20.94%	288,321	11.36%	39,604
Fuzhou	6,886	12.63%	336,292	13.25%	20,477
Xi'an	2,301	4.22%	167,226	6.59%	13,757
Jinhua	2,235	4.10%	81,377	3.21%	27,464
Fuyang	2,090	3.83%	270,512	10.66%	7,725
Ganzhou	1,556	2.85%	146,961	5.79%	10,587
Lu'an	1,438	2.64%	179,684	7.08%	8,001
Quzhou	1,238	2.27%	47,805	1.88%	25,897
Shaoxing	1,166	2.14%	105,889	4.17%	11,012
Xiamen	1,120	2.05%	28,785	1.13%	38,916
Others	5,200	9.54%	426,960	16.83%	12,179
Total	54,532	100.00%	2,537,101	100.00%	21,494

Projects completed

For the six months ended 30 June 2018, the Group completed a total of 14 projects or phases of projects, with total GFA of 1,408,500 sq.m. (1,007,775 sq.m., after taken into account the interests of owners of the Company in the relevant projects).

Projects under construction

As at 30 June 2018, the Group had a total of 90 projects or phases of projects under construction, with total planned GFA of 17,176,631 sq.m. (9,179,208 sq.m., after taken into account the interests of owners of the Company in the relevant projects).

Land reserve

During the six months ended 30 June 2018, there were a total of 14 newly acquired land parcels with a total GFA of 2,486,742 sq.m. (1,122,516 sq.m., after taken into account the interests of owners of the Company in the relevant projects). The average cost of land parcels acquired was approximately RMB5,383 per sq.m. (calculated at the plot ratio-based GFA).

The following table sets forth details of the Group's newly acquired land parcels during the six months ended 30 June 2018:

City	Project name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Zhengjiang	Jurong 2017-J10-2-02 Lot (句容2017-J10-2-02號地塊)	9-Mar-18	53,873	145,463	26,183	521	94	4,837
Hangzhou	Hushu Lot (湖墅地塊)	8-Jan-18	14,684	49,995	19,998	1,019	408	31,551
Jiaxing	Tongxiang 2017-52 Lot (桐鄉2017-52號地塊)	29-Dec-17	62,775	195,908	35,263	485	87	3,219
Jiaxing	Haining 2018-004 Lot (海土字(2018)004號地塊)	7-Mar-18	53,873	111,019	111,019	570	570	7,200
Hangzhou	Xiaoshan 2018-4 Lot (蕭政儲出(2018)4號地塊)	29-Jan-18	52,780	95,047	19,009	1,114	223	8,442
Ningbo	Jiepai 3# Lot (界牌3#地塊)	2-Mar-18	113,857	253,594	53,255	1,020	214	5,599
Hangzhou	Xiaoshan 2018-14 Lot (蕭政儲出(2018)14號地塊)	17-Apr-18	93,039	250,357	105,400	4,304	1,812	17,134
Huzhou	Anji Lot (安吉地塊)	12-Jun-18	53,254	113,938	28,371	239	59	2,986
Zhengzhou	Xingyang Yijiangnan Lot-2 (榮陽憶江南地塊-2)	30-Jan-18	302,573	439,091	439,091	245	245	722
Chengdu	Xinjin Lot (新津地塊)	28-Mar-18	22,732	80,810	70,305	239	208	4,200
Fuyang	Fuyang 2017-33 Lot (阜陽2017-33號地塊)	12-Jan-18	77,605	212,704	38,287	303	54	1,696

City	Project name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Dongtai	Beihai Bridge Lot (北海大橋地塊)	23-Mar-18	55,320	129,628	18,148	275	38	2,761
Mengcheng	Mengcheng 2018-6 Lot (蒙城2018-6號地塊)	30-Mar-18	71,359	180,357	41,482	300	69	2,102
Zhengzhou	Xinyang Yijiangnan Lot-3 (滎陽憶江南地塊-3)	25-Jan-18	80,190	228,831	116,704	89	45	552
Total			1,107,914	2,486,742	1,122,516	10,721	4,127	5,383

As at 30 June 2018, the total GFA of the Group's land reserve was approximately 25.2 million sq.m., among which, approximately 2.2 million sq.m. were completed properties held for sale, approximately 17.2 million sq.m. were under construction, and approximately 5.8 million sq.m. were held for future development.

As at 30 June 2018, the cost per sq.m. of the Group's land reserve was RMB6,463 of which, approximately 57.5% located in the prime area in the first-tier and second-tier cities in the PRC. The Directors believe that the relatively high-quality land reserve provides the Group with effective support for its future profitability.

Management Discussion and Analysis

The following table sets forth details of the land reserve attributable to the owners of the Company as at 30 June 2018:

Region	Name of projects	Total land value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Hangzhou	Gentle Mansion (君悦府)	20,190	4.98	5,863
	Lan Sky (融信•瀾天)	48,336	12.90	5,739
	Yangxing Capital (融信•永興首府)	11,931	1.33	13,076
	Xiaoshan Residence (融信•蕭山公館)	26,779	2.03	18,559
	Seattle (西雅圖)	129,750	11.90	14,905
	Jingkai Project (經開地塊)	43,580	4.20	16,002
	Yinhe Primary School Project (銀河小學地塊)	92,412	9.58	13,822
	Hangzhou Wocheng Project (杭州臥城地塊)	24,820	6.99	5,113
	Hangzhou Mansion (融信•杭州公館)	50,766	3.33	25,717
	Qianjiang Century City Project (錢江世紀城地塊)	228,480	16.91	19,230
	Qinglong Project (慶隆地塊)	120,411	5.92	31,404
	Hangzhou Yuhang Lot (余杭2016 (48) 號地塊)	65,706	6.12	16,721
	Hangzhou Jingjiang Lot (靖江花神廟地塊)	49,521	6.60	5,101
	Hangzhou Xiaoshan Lot (蕭山2017-1 號地塊)	185,946	8.62	30,816
	Hangzhou 2016-35 Lot (杭政儲出 (2016) 35 號)	18,776	1.32	26,106
	Hangzhou 2016-44 Lot (杭政儲出 (2016) 44 號)	8,897	0.67	27,279
	Hangzhou 2017-44 Lot (杭政儲出 (2017) 44 號)	406,269	14.09	40,542
	Hangzhou 2017-42 Lot (杭政儲出 (2017) 42 號)	64,150	3.75	24,704
	Hangzhou 2017-14 Lot (蕭政儲出 (2017) 14 號)	59,520	4.94	16,580
	Hangzhou 2017-20 Lot (蕭政儲出 (2017) 20 號)	161,339	10.01	22,950
	Hangzhou 2017-43 Lot (余政儲出 (2017) 43 號)	85,459	7.33	16,005
	Hushu Lot (湖墅地塊)	40,770	1.92	31,551
	Xiaoshan 2018-4 Lot (蕭政儲出 (2018) 4 號地塊)	22,278	1.87	8,442
Xiaoshan 2018-14 Lot (蕭政儲出 (2018) 14號地塊)	181,205	10.40	17,134	
Fuzhou	The Twin Harbour City (融信•雙杭城)	421,500	107.37	6,065
	David City (融信•平潭大衛城)	5,982	3.21	2,342
	The Long Island (融信•長島)	130,000	44.82	2,437
	The Bund (平潭外灘)	9,002	7.92	1,430
	“Hot Spring City” (福州溫泉城項目)	82,935	63.66	1,610 ⁽¹⁾
	Lan County (融信•瀾郡)	24,480	3.95	8,374
	The Coast (融信•後海)	34,225	6.01	7,406

Region	Name of projects	Total land value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
	Show Kingdom (世歐王莊)	51,000	13.26	4,787
	Huayun Mansion (華雲山莊)	14,688	6.48	3,300
	Fuzhou Guihu 2017-07 Lot (桂湖壟頭 2017-07 地塊)	38,500	8.65	5,978
	Fuzhou Guihu 2017-08 Lot (桂湖壟頭 2017-08 地塊)	9,250	1.84	6,727
	Fuzhou Guihu 2017-09 Lot (桂湖壟頭 2017-09 地塊)	15,950	3.40	6,267
	Fuzhou 2017-06 Lot (馬宗地 2017-06 號地塊)	13,817	2.53	7,340
	Fuzhou 2017-23 Lot (宗地 2017-23 地塊)	141,000	8.49	21,973
	Fuzhou 2016-1 Lot (2016 拍-1 號)	8,364	3.94	2,137
Shanghai	Shanghai Xujing Project (徐涇鎮會展中心)	167,596	28.95	8,539
	French Legend (融信•法蘭西世家)	6,804	0.77	10,803
	Shanghai Huacao Lot II (Kairi) (閔行區華漕鎮 MHPO-1402 單元 35-01 地塊 (愷日))	10,110	1.72	6,018 ⁽¹⁾
	Shanghai Huacao Lot III (Kaichong) (閔行區華漕鎮 MHPO-1402 單元 36-01 地塊 (愷崇))	4,193	0.65	6,098 ⁽¹⁾
	Shanghai Huacao Lot IV (Kaichang) (閔行區華漕鎮 MHPO-1402 單元 42-01 地塊 (愷暢))	6,838	1.25	6,101 ⁽¹⁾
	Imperial Villa (融信•鉑灣)	11,522	1.64	11,396
	Shanghai Huacao Lot I (閔行區華漕鎮MHPO-1402 單元41-02 地塊)	7,517	1.67	6,165 ⁽¹⁾
	Platinum (融信•鉑爵)	22,491	2.37	15,409
	Xinjiangwan City (新江灣城)	157,750	4.59	52,840
	Shanghai Qingpu Lot (青浦 36-01 地塊)	59,780	3.86	21,610
	Shanghai Jingan Zhangxin Lot (靜安中興地塊)	550,500	6.10	100,091

Management Discussion and Analysis

Region	Name of projects	Total land value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Fuyang	Hai Liang Yue Fu (海亮·悦府)	8,489	8.63	990
	The Riverside Mansion (海亮·江灣城)	14,379	10.29	1,662
	Hai Liang Long Yuan (海亮·瓏園)	11,809	6.81	2,321
	Hai Liang Xing Cheng (海亮·星城)	8,004	5.00	1,934
	Hai Liang Xingfu Li (海亮·幸福里)	19,704	14.94	1,658
	Xingfu Li East County (幸福里東郡)	24,513	13.61	2,235
	Xingfu Li North County (幸福里北郡)	13,249	7.52	2,190
	Fuyang 2017-33 Lot (阜陽 2017-33 號地塊)	5,448	3.83	1,696
Zhangzhou	Future City (融信·未來城)	6,900	3.60	2,573
	Festival City (融信·觀山海)	5,751	4.97	1,549
	Imperial Land (一品江山)	9,880	5.90	2,206
	Zhangzhou Wanke City (漳州萬科城)	29,779	20.44	1,773
	College City (學院名築)	57,800	17.66	4,059
	Zhangzhou Harbor B8 Lot (漳州港 B8)	10,360	2.75	4,868
	Zhangzhou 2017P01 Lot (漳州 2017P01 地塊)	160,000	18.83	10,897
Nanjing	Nanjing Xianlin Project (南京仙林 2016G58 地塊)	226,290	12.97	24,957
	Nanjing Jiulonghu Project (南京九龍湖 NO. 2016G73地塊)	53,700	35.09	2,515
	Nanjing Jiangning Lot (江寧 2017G02 地塊)	95,500	9.80	12,842
	Nanjing 2017G31 Lot (NO.2017G31 地塊)	35,745	4.65	12,130
	Nanjing 2017G36 Lot (NO.2017G36 地塊)	85,000	11.77	9,464
Zhengzhou	Zhengzhou Zhongmou Lot (鄭州中牟縣地塊)	30,920	25.12	1,507
	Xingyang Yijiangnan Lot-1 (滎陽憶江南地塊-1)	12,889	30.28	470
	Hailiang time ONE (海亮時代ONE)	37,992	16.75	3,284
	Xingyang Yijiangnan Lot-2 (滎陽憶江南地塊-2)	24,460	43.36	722 ⁽¹⁾
	Xingyang Yijiangnan Lot-3 (滎陽憶江南地塊-3)	4,516	11.67	552
Suzhou	Kunshan Project (昆山 (2016) 2-4 地塊)	135,150	13.56	13,573
	Suzhou Tang Ning Fu (唐寧府)	159,885	14.08	15,993 ⁽¹⁾
	Suzhou Changqiao Yayuan (長橋雅苑)	21,783	11.70	2,634 ⁽¹⁾
Xi'an	Hai Liang Xin Ying Li (海亮·新英里)	29,590	11.75	3,136 ⁽¹⁾
	Hai Liang De Wen Jun (海亮·德文郡)	24,282	11.77	2,546 ⁽¹⁾
	Hai Liang Tang Ning Fu (海亮·唐寧府)	10,149	6.98	1,960 ⁽¹⁾
	Hai Liang Xi Yue (海亮熙悅)	788	2.12	446 ⁽¹⁾
Bengbu	Bengbu Hai Liang Ming Zhu (蚌埠海亮明珠)	12,100	12.63	1,010 ⁽¹⁾
	Bengbu Hai Liang Xi Yuan (蚌埠海亮熙園)	667	0.45	1,691 ⁽¹⁾
	Bengbu Hai Liang Tian Yu (蚌埠海亮天禦)	15,319	11.15	1,680 ⁽¹⁾

Region	Name of projects	Total land value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Hefei	Hefei Hailiang Palais Jardin (九璽花園)	12,156	6.08	2,300 ⁽¹⁾
	Hefei Orchid Land (蘭郡花園)	1,023	1.82	620 ⁽¹⁾
	Hailiang Rubellite (紅璽台公館)	9,487	2.55	4,827 ⁽¹⁾
	Tangning Mansion (唐寧府)	18,446	1.36	18,156 ⁽¹⁾
Lanzhou	Lanzhou Binhe Yi Hao (濱河一號)	4,138	3.36	1,546 ⁽¹⁾
	Lanzhou Hailiang Heyuan (海亮和園)	670	0.77	957 ⁽¹⁾
	Lanzhou Xi'an Hua Fu (熙岸華府)	11,071	9.68	1,293 ⁽¹⁾
Yinchuang	Binhe No.1 Project (濱河壹號)	6,510	14.13	530 ⁽¹⁾
	Haimao No.1 Project (海茂壹號院)	8,228	7.93	1,319 ⁽¹⁾
	Shiyuefu Project (世悅府)	9,413	10.04	1,281 ⁽¹⁾
Chengdu	Chengdu Jinniu Lot (金牛三號宗地)	75,102	6.13	16,915
	Xinjin Lot (新津地塊)	20,765	7.01	4,200
Ganzhou	Ganzhou Rongxitai (贛州榕璽台)	18,832	6.32	3,511
	Hailiang Skyscrapers (海亮天城)	26,491	9.74	3,602 ⁽¹⁾
Jiaying	Tongxiang 2017-52 Lot (桐鄉 2017-52 號地塊)	8,730	3.48	3,219
	Haining 2018-004 Lot (海土字 (2018) 004 號地塊)	57,000	11.03	7,200
Jinhua	Jinhua 2017-07 Lot (金華 2017-07 地塊一)	74,593	7.74	12,550
	Jinhua 2017-10 Lot (金市土讓告字(2017)10 號)	27,131	4.25	8,467
Luan	Luan 2017-14 Lot (六出 2017-14 號地塊)	34,705	19.12	1,984
	Hailiang Official Mansion (六安海亮官邸)	13,084	7.43	2,033 ⁽¹⁾
Ningbo	Ningbo Fenghua Lot (寧波奉化地塊)	20,577	3.53	8,773
	Jiepai 3# Lot (界牌3#地塊)	21,420	5.24	5,599
Tianjin	Tianjin Jinghai Lot (靜海 2013-92 號地塊)	104,865	15.54	8,238
	Tianjin Jinnan Lot (津南 2016-06 號地塊)	107,250	10.48	12,959
Xiamen	Xiamen Bowan (廈門同安鉑灣)	263,400	18.54	23,207
	Xiamen Tongan Lot (同安 2017P01 地塊)	78,800	3.70	31,520
Chongqing	Chongqing Banan Lot (重慶巴南地塊)	72,750	16.43	6,189
Dongtai	Beihai Bridge Lot (北海大橋地塊)	3,849	1.77	2,761
Guangzhou	Guangzhou Zengcheng Lot (廣州增城地塊)	58,800	3.64	14,999
Huzhou	Anji Lot (安吉地塊)	5,939	2.79	2,986
Longyan	Zijin Mountain Sports Park Lot (紫金山體育公園地塊)	21,318	8.27	3,147
Mengcheng	Mengcheng 2018-6 Lot (蒙城 2018-6 號地塊)	6,900	4.09	2,102
Nantong	Nantong Yue Rong Shu (悅榕墅)	2,964	0.74	4,665 ⁽¹⁾
Putian	Putian Xibai Lot (溪白村 2017-04 地塊)	93,500	12.33	10,032
Quzhou	Quzhou 2017 (4) Lot (衢州 (2017) 4 號地塊)	76,275	9.36	10,457

Region	Name of projects	Total land value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Shaoxing	Shaoxing Shengzhou Lot (紹興嵊州地塊)	154,900	74.02	2,577
Tongling	Tongling Lanshan Fu (銅陵瀾山府)	3,653	6.16	714
Xi'ning	Hailiang Da Du Hui (海亮大都匯)	16,078	15.76	1,198 ⁽¹⁾
Xuancheng	Hailiang Heavenly Mansion (海亮天禦)	6,833	7.14	1,094 ⁽¹⁾
Zhengjiang	Jurong 2017-J10-2-02 Lot (句容2017-J10-2-02號地塊)	9,381	2.58	4,837
Zhoushan	Zhoushan 2017-007 Lot (2017-007地塊)	30,626	6.03	4,324
Total		7,153,525	1,307.33	6,463

Note:

- (1) This represents the original land costs of these projects only, and did not reflect the fair value increase that had been recognised upon acquisitions or consolidations by the Group during the six months ended 30 June 2018.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2018, the Group derived its revenue from (i) the sales of properties in the PRC; (ii) certain construction services with local PRC governments with respect to the construction of resettlement housing and (iii) the rental income and others mainly generated from the lease of investment properties and hotel operation. The following table sets forth the details of the Group's revenue recognised from such sources for the period indicated:

	For the six months ended 30 June		Change in percentage
	2018 RMB'000	2017 RMB'000	
Revenue			
Sales of properties	14,001,718	11,688,343	19.8%
Construction services	148,146	141,744	4.5%
Rental income and others	137,669	70,782	94.5%
Total	14,287,533	11,900,869	20.1%

The revenue of the Group increased by approximately 20.1% from RMB11,900.9 million for the six months ended 30 June 2017 to RMB14,287.5 million for the six months ended 30 June 2018. This increase was mainly attributable to:

- (i) the increase in the total GFA of properties delivered by the Group by approximately 19.6% from 675,478 sq.m. for the six months ended 30 June 2017 to 807,820 sq.m. for the six months ended 30 June 2018;
- (ii) the increase in the recognised average selling price of properties delivered by the Group by approximately 0.2% from RMB17,304 per sq.m. for the six months ended 30 June 2017 to RMB17,333 per sq.m. for the six months ended 30 June 2018;
- (iii) the increase in revenue from construction services by approximately 4.5% from RMB141.7 million for the six months ended 30 June 2017 to RMB148.1 million for the six months ended 30 June 2018; and
- (iv) the rental income increased from RMB49.5 million for the six months ended 30 June 2017 to RMB63.8 million for the six months ended 30 June 2018. The others are mainly represent hotel operation. During the six months ended 30 June 2018, revenue from hotel operation of the Group was RMB73.9 million.

Revenue generated from the sales of properties amounted to RMB14,002 million for the six months ended 30 June 2018. The following table sets forth the details of the revenue generated from the sales of properties of the Group by geographical location for the six months ended 30 June 2018:

	For the six months ended 30 June					
	2018			2017		
	Revenue (RMB million)	GFA delivered by the Group (sq.m.)	Average selling price (RMB/sq.m.)	Revenue (RMB million)	GFA delivered by the Group (sq.m.)	Average selling price (RMB/sq.m.)
Hangzhou	7,384	336,577	21,939	7,020	304,356	23,065
Shanghai	1,924	64,319	29,910	1,576	85,182	18,502
Fuzhou	1,900	92,673	20,503	2,062	170,789	12,073
Zhangzhou	1,208	123,600	9,770	743	104,522	7,109
Ganzhou	835	103,293	8,088	–	–	–
Others	751	87,358	8,595	287	10,629	27,002
Total	14,002	807,820	17,333	11,688	675,478	17,303

Cost of sales

The Group's cost of sales increased by approximately 4.2% from RMB9,691.24 million for the six months ended 30 June 2017 to RMB10,101.64 million for the six months ended 30 June 2018. This increase was mainly attributable to the increase in the number of properties sold by the Group during the six months ended 30 June 2018.

Gross profit and gross profit margin

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit increased by approximately 89.4% from RMB2,209.63 million for the six months ended 30 June 2017 to RMB4,185.89 million for the six months ended 30 June 2018.

The Group's gross profit margin increased from 18.6% for the six months ended 30 June 2017 to 29.3% for the six months ended 30 June 2018, primarily because the Group delivered proportionally more properties at comparatively higher profit margin in the first half of 2018 as compared to the properties which the Group delivered in the first half of 2017.

Other income and other gains

The Group's other income and other gains primarily includes (i) gains from certain cash management products; and (ii) deposits forfeited from some of the Group's prospective customers who breached the property purchase agreements. The Group's other income increased by approximately 155.6% from RMB18.45 million for the six months ended 30 June 2017 to RMB47.16 million for the six months ended 30 June 2018.

Selling and marketing costs

The Group's selling and marketing costs include (i) staff costs for sales personnel; (ii) advertisement expenses; (iii) property management fees; and (iv) others costs including rental expense and office expense.

The Group's selling and marketing costs increased by approximately 117.0% from RMB197.33 million for the six months ended 30 June 2017 to RMB428.23 million for the six months ended 30 June 2018, primarily due to increases in marketing expenses and the number of the sales staff of the Group as a result of increased sales activities.

Administrative expenses

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

The Group's administrative expenses increased by approximately 94.3% from RMB319.47 million for the six months ended 30 June 2017 to RMB620.75 million for the six months ended 30 June 2018, mainly attributable to increases in the number of administrative staff due to the increase in the number of new projects and project under construction of the Group.

Fair value gains on investment properties

The increase in fair value gains on investment properties by approximately 548.81% from RMB42.0 million for the six months ended 30 June 2017 to RMB272.5 million for the six months ended 30 June 2018 was due to the inflation of market value and development of the Group investment properties under construction.

Finance (cost)/income – net

Finance (cost)/income – net decreased by approximately 368.6% from finance income of RMB17.2 million for the six months ended 30 June 2017 to finance cost of RMB46.1 million for the six months ended 30 June 2018, primarily due to the foreign exchange losses.

Share of net profit of associates and joint ventures accounted for using the equity method

The Group's share of net profit of associates and joint ventures accounted for using the equity method increased by approximately 98.6% from RMB269.5 million for the six months ended 30 June 2017 to RMB535.1 million for the six months ended 30 June 2018, primarily due to the recognition of revenue from the sales of properties upon the completion and delivery of properties of Shanghai Kaitai during the six months ended 30 June 2018.

Profit before income tax

As a result of the aforementioned changes of the Group's financials, the Group's profit before income tax increased by approximately 93.7% from RMB2,040.0 million for the six months ended 30 June 2017 to RMB3,951.1 million for the six months ended 30 June 2018.

Income tax expenses

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

The Group's income tax expenses increased by approximately 84.1% from RMB922.0 million for the six months ended 30 June 2017 to RMB1,697.5 million for the six months ended 30 June 2018. Specifically, EIT (including deferred income tax) increased by approximately 90.7% from RMB473.1 million for the six months ended 30 June 2017 to RMB902.0 million for the six months ended 30 June 2018, and LAT increased by approximately 77.2% from RMB448.9 million for the six months ended 30 June 2017 to RMB795.5 million for the six months ended 30 June 2018.

The effective income tax rate of the Group for the six months ended 30 June 2018 was 34.4%, compared to 35.8% for the six months ended 30 June 2017. Effective income tax was calculated based on EIT divided by profit before income tax (excluding the share of net profits of associates and joint ventures accounted for using the equity method, fair value gains on the remeasurement of joint ventures and LAT).

Profit for the period attributable to owners of the Company

As a result of the aforementioned changes of the Group's financials, the Group's profit for the period attributable to owners of the Company increased by approximately 121.5% from RMB687.9 million for the six months ended 30 June 2017 to RMB1,523.9 million for the six months ended 30 June 2018.

Profit for the period attributable to non-controlling interests

Profit for the period attributable to non-controlling interests increased by approximately 106.2% from a profit of RMB305.4 million to a profit of RMB629.8 million. This increase was primarily attributable to the recognition of revenue from sales of properties during the six months ended 30 June 2018 in the respective projects, which were jointly developed with non-controlling parties.

FINANCING ACTIVITIES

Issuance of 2018 senior notes

On 1 February 2018, the Company issued senior notes in the aggregated principal amount of US\$325,000,000 due in 2021 (the "**Original 2018 Senior Notes**") on Singapore Exchange Securities Trading Limited, with an interest rate of 8.25% per annum payable semi-annually in arrears on 1 February and 1 August of each year, commencing on 1 August 2018. Subsequently on 27 February 2018, the Company issued additional notes in the aggregate principal amount of US\$100,000,000 (to be consolidated and form a single series with the Original 2018 Senior Notes) (the "**Consolidated 2018 Senior Notes**"). The maturity date of the Consolidated 2018 Senior Notes is 1 February 2021. At any time and from time to time before the maturity date, the Company may at its option redeem the Consolidated 2018 Senior Notes, at a pre-determined redemption price.

As at the date of this report, the Group had utilised all the net proceeds from the issuance of the Consolidated 2018 Senior Notes in the manner consistent with the proposed allocations stated in the offering memorandum. For more details, please refer to the announcements of the Company dated 25 January 2018, 26 January 2018, 2 February 2018, 12 February 2018, 13 February 2018 and 1 March 2018, and the relevant offering memorandums.

Placing in 2017 and 2018

Reference is made to the Company's announcement dated 30 October 2017 (the "**2017 Placing Announcement**"). The Group successfully raised a net proceeds of HK\$1,199.5 million through the placing (the "**2017 Placing**") of 142,452,500 existing shares (the "**2017 Placing Shares**") by Dingxin Company Limited ("**Dingxin**"), a controlling shareholder of the Company, to not less than six independent professional, institutional and other individual investors at the placing price of HK\$8.52 each on 7 November 2017 for the Company's development purposes and as general working capital of the Group. The Company subsequently allotted and issued 142,452,500 new shares to Dingxin.

Upon the completion of the 2017 Placing, the Company received gross proceeds of approximately HK\$1,213.7 million and net proceeds, after deducting all applicable costs and related expenses, of approximately HK\$1,199.5 million, representing a net issue price of approximately HK\$8.42 per 2017 Placing Share.

The Group had utilised all the net proceeds from the 2017 Placing for the Company's development purposes and as general working capital of the Group, which was consistent with the purposes disclosed in the 2017 Placing Announcement.

Reference is made to the Company's announcement dated 6 June 2018 (the "**2018 Placing Announcement**"). The Group successfully raised a net proceeds of approximately HK\$1.1 billion through the placing (the "**2018 Placing**") of 103,500,000 existing shares (the "**2018 Placing Shares**") by Dingxin, a controlling shareholder of the Company, to not less than six independent professional, institutional and/or individual investors at the placing price of HK\$10.62 each on 8 June 2018 for the Company's development purposes and as general working capital of the Group. The Company subsequently allotted and issued 103,500,000 new shares to Dingxin.

Upon the completion of the 2018 Placing, the Company received gross proceeds of approximately HK\$1,099,170,000 and net proceeds, after deducting all applicable costs and related expenses, of approximately HK\$1.1 billion, representing a net issue price of approximately HK\$10.58 per 2018 Placing Share.

The Group had utilised all the net proceeds from the 2018 Placing for the Company's development purposes and as general working capital of the Group, which was consistent with the purposes disclosed in the 2018 Placing Announcement.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2018, the Group's net current assets amounted to RMB60,660.1 million (31 December 2017: RMB61,564.8 million). Specifically, the Group's total current assets increased by approximately 9.9% from RMB150,348.6 million as at 31 December 2017 to RMB165,255.8 million as at 30 June 2018. The Group's total current liabilities increased by approximately 17.8% from RMB88,783.8 million as at 31 December 2017 to RMB104,595.6 million as at 30 June 2018. The increase in the Group's total current assets was primarily attributable to (i) the increase in bidding deposits and prepayments for acquisition of land use rights by approximately 43.5% from RMB2,461.1 million as at 31 December 2017 to RMB3,532.1 million as at 30 June 2018 due to the acquisition land parcels located in first-tier and second-tier cities including Shanghai, Hangzhou, Fuzhou and Xiamen; (ii) the increase in completed properties held for sale and properties under development by approximately 13.4% from RMB100,377.4 million as at 31 December 2017 to RMB113,812.2 million as at 30 June 2018.

As at 30 June 2018, the Group had cash and cash balances of RMB20,307.7 million (31 December 2017: RMB20,517.1 million), total borrowings of RMB66,626.4 million (31 December 2017: RMB69,453.6 million) and weighted average effective interest rate for outstanding borrowings of approximately 7.1% (including bank borrowings, trust and other borrowings and the Domestic Corporate Bonds) (31 December 2017: approximately 6.9%).

As at 30 June 2018, the aggregated issued amount of the Domestic Corporate Bonds was RMB8,477.5 million, representing approximately 12.7% of the total borrowings of the Group.

PLEDGE OF ASSETS

As at 30 June 2018, the Group's borrowings were secured by the Group's assets of RMB44,267.3 million (31 December 2017: RMB68,691.9 million) which includes (i) completed properties held for sale; (ii) properties under development; (iii) property, plant and equipment; (iv) land use rights; (v) restricted cash and (vi) investment property. Certain other borrowings were also secured by the equity interests of certain subsidiaries.

CONTINGENT LIABILITIES

The Group's contingent liabilities primarily include guarantees that the Group had provided to PRC banks in respect of the mortgage loans granted by the banks to purchasers of the Group's properties. The purchaser mortgage guarantees are typically released when the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally take place after the properties are delivered to the purchasers. The borrowing guarantees represent the maximum exposure of the guarantees provided for the borrowings of related parties and an independent third party at the respective balance sheet dates. The total outstanding guarantee amounts provided by the Group amounted to RMB26,658.8 million as at 30 June 2018 (31 December 2017: RMB22,704.1 million).

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

CURRENT RATIO

As at 30 June 2018, the current ratio of the Group was 1.58 times (31 December 2017: 1.69 times). The decrease of the Group's current ratio was mainly attributable to the diversification of financing channels and the optimization of financing structure.

GEARING RATIO

As at 30 June 2018, the gearing ratio of the Group was 140% (31 December 2017: 159.0%). The improvement of the Group's gearing ratio was mainly attributable to the increase in total equity and the decrease of borrowings.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in note 13 and note 14 to the consolidated financial statement on page 65 to page 67 in this report, there were no significant investment held by the Group as at 30 June 2018.

FUTURE PLANS FOR MATERIAL INVESTMENTS

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

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

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

As at the date of this report, the Group had utilised all of the net proceeds from the initial public offering in the manner consistent with the proposed allocations stated in the prospectus of the Company dated 31 December 2015 that (i) approximately 60% of the net proceeds had been applied in the Group's property development projects; (ii) approximately 30% of the net proceeds had been applied in expanding the land reserve of the Group; and (iii) approximately 10% of the net proceeds had been used as the Group's general corporate and working capital purposes.

FOREIGN CURRENCY RISK

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

MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed below, during the six months ended 30 June 2018, the Group did not perform any material acquisition or disposal of subsidiaries and associated companies.

On 9 February 2018, Zhengzhou Rongzhu Property Development Co., Ltd.* (鄭州融築房地產開發有限公司) (“**Zhengzhou Rongzhu**”), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Zhengzhou Qinghuayuan Property Development Co., Ltd.* (鄭州清華園房地產開發有限公司) (“**Zhengzhou Qinghuayuan**”), pursuant to which Zhengzhou Rongzhu has agreed to acquire, and Zhengzhou Qinghuayuan has agreed to dispose of, the entire equity interest in Zhengzhou Keboke Enterprise Management Consultancy Co., Ltd.* (鄭州克博克企業管理諮詢有限公司) (“**Zhengzhou Keboke**”). Zhengzhou Keboke holds the entire equity interest in Zhengzhou Zhongqiao Real Estate Development Company Limited* (鄭州中喬房地產開發有限公司), which in turn indirectly holds the land use rights of a land located at Zhengzhou City, Henan Province, the PRC, at a consideration of RMB801.9 million.

For further details of this acquisition, please refer to the announcement of the Company dated 9 February 2018.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2018, the Group employed a total of 3,451 full-time employees (30 June 2017: 1,267 full-time employees). For the six months ended 30 June 2018, the staff cost recognised as expenses of the Group amounted to RMB604.2 million.

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

* For identification purposes only

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

The Group's employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the six months ended 30 June 2018, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

EVENTS AFTER THE REPORTING PERIOD

Issuance of additional senior notes

On 11 July 2018, the Company announced the issuance of additional notes in the aggregate principal amount of US\$225,000,000 (to be consolidated and form a single series with the Consolidated 2018 Senior Notes) for refinancing certain of its existing indebtedness. The maturity date of the aforementioned additional notes is 1 February 2021, unless earlier redeemed in accordance with the terms thereof.

Details of the above are set out in the Company's announcements dated 10 July 2018 and 11 July 2018.

On 31 August 2018, the Company announced the issuance of additional notes in the aggregate principal amount of US\$150,000,000 (to be consolidated and form a single series with the Consolidated 2018 Senior Notes) for refinancing certain of its existing indebtedness. The maturity date of the aforementioned additional notes is 1 February 2021, unless earlier redeemed in accordance with the terms thereof.

Details of the above are set out in the Company's announcements dated 30 August 2018 and 31 August 2018.

Capital contribution in Qingdao Tianye and Qingdao Tianhe

On 20 August 2018, Qingdao Ronshine Rongmei Property Development Co., Ltd.* (青島融信融美房地產開發有限公司) ("**Qingdao Ronshine**"), a wholly-owned subsidiary of the Company, successfully won the tender to participate in the increase in registered capital of Qingdao Xihai Tianye Construction Development Co., Ltd.* (青島西海岸天業建設發展有限公司) ("**Qingdao Tianye**"), a company established in the PRC and wholly-owned by Qingdao Xifa Real Estate Co., Ltd.* (青島西發置業有限公司) ("**Qingdao Xifa**") as at 21 August 2018, in an amount of RMB354,918,367 ("**Tianye Capital Increase**") and the increase in registered capital of Qingdao Xihai Tianhe Construction Development Co., Ltd.* (青島西海岸天和建設發展有限公司) ("**Qingdao Tianhe**"), a company established in the PRC and wholly-owned by Qingdao Xifa as at 21 August 2018, in an amount of RMB136,346,939 ("**Tianhe Capital Increase**"), at an aggregate consideration of RMB1,179,308,076. On the same date, Qingdao Ronshine and Qingdao Property Rights Exchange (青島產權交易所), an independent third party and a government department, entered into the tender confirmation (成交確認書) ("**Tender Confirmation**") to confirm the terms of the Tianhe Capital Increase and Tianye Capital Increase, the respective agreements of which are expected to be entered into between Qingdao Ronshine and Qingdao Xifa within three (3) days after the Tender Confirmation.

Upon completion of the Tianye Capital Increase, Qingdao Tianye will be owned as to 51% by Qingdao Ronshine and 49% by Qingdao Xifa, and Qingdao Tianye will become an indirect non wholly-owned subsidiary of the Company.

Upon completion of the Tianhe Capital Increase, Qingdao Tianhe will be owned as to 51% by Qingdao Ronshine and 49% by Qingdao Xifa, and Qingdao Tianhe will become an indirect non wholly-owned subsidiary of the Company.

Details of the above are set out in the Company's announcement dated 21 August 2018.

Save as disclosed above, from 30 June 2018 till the date of this report, the Group has no other material events after the reporting period that is required to be disclosed.

* For identification purposes only

Corporate Governance and Other Information

CORPORATE GOVERNANCE

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

The Company has adopted the corporate governance code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions under the Corporate Governance Code during the six months ended 30 June 2018, save and except for the deviation from code provision A.2.1 of the Corporate Governance Code as disclosed below.

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the “**Model Code**”) as the guidelines for the Directors’ dealings in the securities of the Company. Following specific enquiries to each of the Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code during the six months ended 30 June 2018.

SHARE OPTION SCHEME

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

Details of the Share Option Scheme

(1) Purpose

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

(2) Participants

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

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

(3) The maximum number of Shares available for issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, and such 10% limit represents 135,000,000 Shares (approximately 8.44% of the total Shares in issue as at 30 June 2018).

(4) The maximum entitlement of each participant

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

(5) Time of acceptance and exercise of option

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

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

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

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

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

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

(7) The remaining life of the Share Option Scheme

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

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

Details of the Share Option Granted

Details of the share options granted under the Share Option Scheme during the six months ended 30 June 2018 were as follows:

Name of grantees	Date of grant	Exercise price per share (HK\$)	Exercise periods ^(Note 1)	Balance as at 1 January 2018	Changes during the six months ended 30 June 2018				Balance as at 30 June 2018
					Granted	Exercised	Cancelled	Lapsed	
Directors									
Mr. Wu Jian	5 January 2017	5.96	5 January 2018 to 4 January 2022	4,681,205	–	–	–	–	4,681,205
Mr. Lin Junling	5 January 2017	5.96	5 January 2018 to 4 January 2022	4,681,205	–	–	–	–	4,681,205
Ms. Zeng Feiyan	5 January 2017	5.96	5 January 2018 to 4 January 2022	4,681,205	–	–	–	–	4,681,205
Other employees	5 January 2017	5.96	5 January 2018 to 4 January 2022	43,240,385	–	–	2,869,000	–	40,371,385
				57,284,000	–	–	2,869,000	–	54,415,000

Notes:

(1) In respect of each grantee, the share options granted shall be exercisable during the relevant periods in three tranches: (i) 30% of which shall be vested on the first anniversary of the date of grant, i.e. 5 January 2018; (ii) another 30% of which shall be vested on the second anniversary of the date of grant, i.e. 5 January 2019; and (iii) the remaining of which shall be vested on the third anniversary of the date of grant, i.e. 5 January 2020.

(2) The closing price of the securities immediately before the date on which the options were granted was HK\$5.98.

Save as disclosed above, no option was granted or agreed to be granted under the Share Option Scheme during the six months ended 30 June 2018.

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

As at 30 June 2018, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

INTERESTS IN SHARES OF THE COMPANY

Name of Director	Nature of Interest/Capacity	Number of Shares or underlying Shares (Note 1)	Approximate percentage of shareholding (Note 1)
Mr. Ou Zonghong ^(Note 2)	Beneficiary of a trust	1,023,660,560 (L)	64.05%
Mr. Lin Junling ^(Note 3)	Beneficial owner	4,681,205 (L)	0.29%
Mr. Wu Jian ^(Note 3)	Beneficial owner	6,021,305 (L)	0.38%
Mr. Zeng Feiyan ^(Note 3)	Beneficial owner	4,681,205 (L)	0.29%

Notes:

- (1) As at 30 June 2018, the Company issued 1,598,300,500 Shares. The letter (L) denotes the entity's long position in the relevant Shares.
- (2) Mr. Ou is a beneficiary of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (the son of Mr. Ou) as the settlor with Mr. Ou being the protector. TMF (Cayman) Ltd., the trustee of Ou Family Trust, through a wholly owned BVI company, namely Honesty Global Holdings Limited, which in turn wholly-owned another BVI company, namely Dingxin Company Limited, held 1,023,660,560 Shares as at 30 June 2018.
- (3) The Company adopted the Share Option Scheme on 28 December 2015. As at 30 June 2018, according to the Share Option Scheme, each of Mr. Lin Junling, Mr. Wu Jian and Ms. Zeng Feiyan had 4,681,205 outstanding share options.

Save as disclosed above, as at 30 June 2018, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

So far as is known to the Company, as at 30 June 2018, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name of Shareholders	Nature of Interest/Capacity	Number of Shares or underlying Shares ^(Note 1)	Approximate percentage of shareholding ^(Note 1)
Dingxin Company Limited ^(Note 2)	Beneficial owner	1,023,660,500 (L)	64.05%
Honesty Global Holdings Limited ^(Note 2)	Interest in controlled corporation	1,023,660,500 (L)	64.05%
TMF (Cayman) Ltd. ^(Note 2)	Trustee of a trust	1,023,660,500 (L)	64.05%
Mr. Ou Guofei ^(Notes 2, 3)	Settlor of a trust	1,023,660,500 (L)	64.05%
Ms. Xu Lixiang ^(Note 4)	Beneficiary of a trust/Interest of spouse	1,023,660,500 (L)	64.05%

Notes:

- (1) As at 30 June 2018, the Company issued 1,598,300,500 Shares. The letter (L) denotes the entity's long position in the relevant Shares.
- (2) Dingxin Company Limited is a BVI company wholly owned by Honesty Global Holdings Limited, another BVI company, wholly owned by TMF (Cayman) Ltd., the trustee of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (as the settlor) with Mr. Ou Zonghong being the protector. Accordingly, each of Honesty Global Holdings Limited, TMF (Cayman) Ltd. and Mr. Ou Guofei is deemed to be interested in the Shares held by Dingxin Company Limited.
- (3) Mr. Ou Guofei is the son of Mr. Ou Zonghong.
- (4) Ms. Xu Lixiang is the spouse of Mr. Ou Zonghong and is therefore deemed under the SFO to be interested in the Shares held by Mr. Ou Zonghong.

Save as disclosed above, as at 30 June 2018, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

INTERIM DIVIDEND

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

AUDIT COMMITTEE

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

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee consists of three members, namely Mr. Qu Wenzhou, Dr. Lo, Wing Yan William and Mr. Ren Yunan, each of them is an independent non-executive Director. The chairman of the Audit Committee is Mr. Qu Wenzhou who possesses appropriate professional qualifications. The Audit Committee had reviewed the interim report and the interim results for the six months ended 30 June 2018. The interim results for the six months ended 30 June 2018 has not been audited but has been reviewed by PricewaterhouseCoopers, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board

Ronshine China Holdings Limited

Ou Zhonghong

Chairman

Hong Kong, 22 August 2018

Interim Condensed Consolidated Income Statement

	Note	Six months ended 30 June	
		2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Revenue	8	14,287,533	11,900,869
Cost of sales		(10,101,640)	(9,691,237)
Gross profit		4,185,893	2,209,632
Selling and marketing costs		(428,225)	(197,328)
Administrative expenses		(620,746)	(319,473)
Fair value gains on the remeasurement of a joint venture	30	5,478	—
Fair value gains on investment properties	13	272,548	42,000
Other income and other gains		47,160	18,447
Operating profit		3,462,108	1,753,278
Finance income	10	134,612	37,496
Finance costs	10	(180,738)	(20,324)
Finance (cost)/income — net	10	(46,126)	17,172
Share of net profit of associates and joint ventures accounted for using the equity method	14	535,084	269,506
Profit before income tax		3,951,066	2,039,956
Income tax expenses	11	(1,697,472)	(921,950)
Profit for the period		2,253,594	1,118,006
Profit for the period attributable to:			
Owners of the Company		1,523,912	687,851
Non-controlling interests		629,804	305,403
Holders of Perpetual Capital Instruments	21	99,878	124,752
		2,253,594	1,118,006
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
— Basic	12	1.02	0.51
— Diluted	12	1.00	0.51

The above interim condensed consolidated income statements should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period	2,253,594	1,118,006
Other comprehensive income	—	—
Total comprehensive income for the period	2,253,594	1,118,006
Total comprehensive income for the period attributable to:		
Owners of the Company	1,523,912	687,851
Non-controlling interests	629,804	305,403
Holder of Perpetual Capital Instruments	99,878	124,752
	2,253,594	1,118,006

The above interim condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Balance Sheet

	Note	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	13	1,485,994	1,518,138
Land use rights	13	456,865	464,407
Investment properties	13	11,070,787	10,465,400
Prepayments	16	—	92,729
Intangible assets		8,430	8,485
Investments accounted for using the equity method	14	7,361,515	6,743,913
Financial assets at fair value through profit or loss	4	99,731	—
Available-for-sale financial assets		—	42,000
Deferred tax assets	23	546,238	512,609
Total non-current assets		21,029,560	19,847,681
Current assets			
Properties under development	15	104,246,274	90,900,267
Completed properties held for sale	15	9,565,882	9,477,128
Amounts due from customers for contract works		—	140,745
Contract assets	4	329,138	—
Trade and other receivables and prepayments	16	22,850,937	23,720,226
Amounts due from related parties	29(d)	5,580,251	3,971,790
Prepaid taxation		2,375,619	1,604,331
Available-for-sale financial assets		—	16,959
Cash and bank balances	17	20,307,671	20,517,148
Total current assets		165,255,772	150,348,594
Total assets		186,285,332	170,196,275
EQUITY			
Share capital	18	14	13
Share premium	18	4,399,218	3,506,038
Other reserves	19	8,254,312	6,718,226
Capital and reserves attributable to the owners of the Company		12,653,544	10,224,277
Non-controlling interests		18,687,033	17,794,795
Perpetual Capital Instruments	21	1,744,815	2,741,981
Total equity		33,085,392	30,761,053

Interim Condensed Consolidated Balance Sheet

	Note	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	22	45,572,519	47,609,990
Deferred tax liabilities	23	3,031,798	3,041,401
Total non-current liabilities		48,604,317	50,651,391
Current liabilities			
Borrowings	22	21,053,843	21,843,620
Contract liabilities	24	55,326,555	—
Trade and other payables	25	21,778,816	21,594,588
Amounts due to related parties	29(d)	2,293,673	1,354,824
Pre-sale proceeds received from customers	4	—	41,244,149
Current tax liabilities		4,142,736	2,746,650
Total current liabilities		104,595,623	88,783,831
Total liabilities		153,199,940	139,435,222
Total equity and liabilities		186,285,332	170,196,275

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserves	Statutory reserves	Share-based compensation reverse	Retained earnings	Subtotal	Non-controlling interests	Perpetual Capital Instruments	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 18)	(Note 18)	(Note 19)	(Note 19)	(Note 19)				(Note 21)	
Six months ended 30 June 2018 (Unaudited)										
Balance at 1 January 2018	13	3,506,038	1,403,011	826,193	53,868	4,435,154	10,224,277	17,794,795	2,741,981	30,761,053
Comprehensive income										
– Profit for the period	–	–	–	–	–	1,523,912	1,523,912	629,804	99,878	2,253,594
– Other comprehensive income	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	1,523,912	1,523,912	629,804	99,878	2,253,594
Transactions with owners in their capacities as owners										
Issuance of ordinary shares in connection with private placement (Note 18)	1	893,180	–	–	–	–	893,181	–	–	893,181
Redemption of Perpetual Capital Instruments (Note 21)	–	–	–	–	–	–	–	–	(1,000,000)	(1,000,000)
Distribution made to holders of Perpetual Capital Instruments (Note 21)	–	–	–	–	–	–	–	–	(97,044)	(97,044)
Change from a joint venture to a subsidiary (Note 30)	–	–	–	–	–	–	–	10,162	–	10,162
Capital injections from non-controlling interests	–	–	–	–	–	–	–	252,272	–	252,272
Share option scheme	–	–	–	–	12,174	–	12,174	–	–	12,174
Total transactions with owners in their capacities as owners	1	893,180	–	–	12,174	–	905,355	262,434	(1,097,044)	70,745
Balance at 30 June 2018	14	4,399,218	1,403,011	826,193	66,042	5,959,066	12,653,544	18,687,033	1,744,815	33,085,392

Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company							Non-controlling interests	Perpetual Capital Instruments	Total equity
	Share capital	Share premium	Capital reserves	Statutory reserves	Share-based compensation reverse	Retained earnings	Subtotal			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 18)	(Note 18)	(Note 19)	(Note 19)	(Note 19)				(Note 21)	
Six months ended 30 June 2017										
(Unaudited)										
Balance at 1 January 2017	12	2,485,669	1,403,011	503,023	–	3,078,803	7,470,518	12,386,271	3,232,533	23,089,322
Comprehensive income										
– Profit for the period	–	–	–	–	–	687,851	687,851	305,403	124,752	1,118,006
– Other comprehensive income	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	687,851	687,851	305,403	124,752	1,118,006
Transactions with owners in their capacities as owners										
Redemption of Perpetual Capital Instruments (Note 21)	–	–	–	–	–	–	–	–	(50,000)	(50,000)
Distribution made to holders of Perpetual Capital Instruments (Note 21)	–	–	–	–	–	–	–	–	(121,170)	(121,170)
Capital injections from non-controlling interests	–	–	–	–	–	–	–	562,900	–	562,900
Share option scheme	–	–	–	–	26,934	–	26,934	–	–	26,934
Total transactions with owners in their capacities as owners	–	–	–	–	26,934	–	26,934	562,900	(171,170)	418,664
Balance at 30 June 2017	12	2,485,669	1,403,011	503,023	26,934	3,766,654	8,185,303	13,254,574	3,186,115	24,625,992

The above interim condensed consolidated statement of change in equity should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from/(used in) operations	7,368,735	(12,621,043)
PRC corporate income tax paid	(612,925)	(853,927)
PRC land appreciation tax paid	(506,561)	(387,978)
Net cash generated from/(used in) operating activities	6,249,249	(13,862,948)
Cash flows from investing activities		
Payments for purchase of property and equipment and investment properties	(358,889)	(3,197,081)
Payment for purchase of intangible assets	(1,428)	(969)
Proceeds from disposal of property and equipment	4,316	1,706
Capital injections to joint ventures and associates	(87,618)	(1,498,819)
Acquisition of a subsidiary, net of cash acquired	—	(61,477)
Payments for acquisition of financial assets at fair value through profit and loss	(57,731)	—
Proceeds from disposal of financial assets at fair value through profits and loss	16,959	—
Proceeds from disposal of available-for-sale financial assets	—	36,391
Cash advances to related parties	(2,776,052)	(3,381,674)
Repayments from related parties	1,167,591	220,060
Interest received	134,612	37,496
(Decrease)/increase in term deposits	(592,240)	894,698
Net cash used in investing activities	(2,550,480)	(6,949,669)

Interim Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Proceeds from borrowings	16,307,350	27,411,760
Repayments of borrowings	(19,134,599)	(8,481,560)
Redemption of Perpetual Capital Instruments	(1,000,000)	(50,000)
Distribution to holders of Perpetual Capital Instruments	(97,044)	(121,170)
Cash advances from related parties	1,212,289	—
Issuance of shares in connection with private placement	893,181	—
Repayments to related parties	(288,098)	(1,421,165)
Capital injections from non-controlling interests	252,272	562,900
Interest paid	(3,030,864)	(1,732,619)
Restricted cash pledged for borrowings	(792,228)	(401,123)
Net cash (used in)/generated from financing activities	(5,677,741)	15,767,023
Net decrease in cash and cash equivalents	(1,978,972)	(5,045,594)
Cash and cash equivalents at beginning of the period	18,472,631	11,525,557
Exchange losses on cash and cash equivalents	(148)	(34,299)
Cash and cash equivalents at end of the period	16,493,511	6,445,664

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Interim Condensed Consolidated Financial Information

1 General information

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

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

This interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), unless otherwise stated. This interim condensed consolidated financial information has been approved for issue by the Board on 22 August 2018.

This interim condensed consolidated financial information has not been audited.

2 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2018 has been prepared in accordance with HKAS 34, “Interim financial reporting”. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

3 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

3 Accounting policies (continued)

(a) New and amended standards and interpretations adopted by the Group

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKAS 28	Investments in Associates and Joint Ventures
Amendments to HKAS 40	Transfers of Investment Property ¹
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration

The Group has applied the above new and amended standards and interpretations for the first time for their interim reporting period commencing 1 January 2018. The adoption of the new and amended standards and interpretations does not have significant impact on the Group except for HKFRS 9 and HKFRS 15. Please refer to note 4 below.

(b) The following new standards and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2018 and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRS 16	Leases	1 January 2019
HK(IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 28 (Amendment)	Long-term investment in an Associate or Joint Venture	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	To be determined

The above new standards, amendments to existing standards and interpretations are effective for annual periods beginning on or after 1 January 2019 and have not been applied in preparing these condensed consolidated interim financial information. The impact of new standards and amendments to standards and interpretations above is still under assessment by the Group.

4 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(a) Impact on the financial statements

The Group applied the modified retrospective approach to adopt HKFRS 9 and HKFRS 15 without restating comparative information. The reclassifications and the adjustments arising from the new accounting policies are therefore not reflected in the restated balance sheet as at 31 December 2017, but are recognized in the opening balance sheet on 1 January 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Interim condensed consolidated balance sheet (extract)	31 December 2017			1 January 2018
	As originally presented RMB'000	HKFRS 9 RMB'000	HKFRS 15 RMB'000	Restated RMB'000
Non-current assets				
Financial assets at fair value through profit or loss (FVPL)	—	42,000	—	42,000
Available-for-sale financial assets (AFS)	42,000	(42,000)	—	—
Current assets				
Amounts due from customers for contract works	140,745	—	(140,745)	—
Contract assets	—	—	140,745	140,745
AFS	16,959	(16,959)	—	—
Financial assets at FVPL	—	16,959	—	16,959
Total assets	170,196,275	—	—	170,196,275
Current liabilities				
Pre-sale proceeds received from customers	41,244,149	—	(41,244,149)	—
Contract liabilities	—	—	41,244,149	41,244,149
Total liabilities	139,435,222	—	—	139,435,222

4 Changes in accounting policies (continued)

(b) HKFRS 9 Financial Instruments – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 4(c) below. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

(i) Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 measurement categories including those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss) and those to be measured at amortised cost.

Reclassification from available-for-sale to FVPL

Certain equity investments were reclassified from available-for-sale to financial assets at FVPL. They do not meet the HKFRS 9 criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest. There were no changes in fair value of the equity investments in previous years, therefore no adjustment was recorded to opening equity due to the reclassification.

Other than that, there were no changes to the classification and measurement of financial instruments.

4 Changes in accounting policies (continued)

(b) HKFRS 9 Financial Instruments – Impact of adoption (continued)

(ii) Impairment of financial assets

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. The Group has three types of financial assets measured at amortised cost that are subject to HKFRS 9's new expected credit loss model:

- trade and other receivables,
- contract assets, and
- amounts due from related parties

The Group applies the HKFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for trade receivables and contract assets. Impairment on other receivables and amounts due from related parties is measured as either 12-month ECL or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition.

To measure the ECL, trade and other receivables, contract assets and amounts due from related parties have been grouped based on shared credit risk characteristics. 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 trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group established ECL model based on historical settlement records, past experience and available forward-looking information. The Group has reviewed its financial assets and has not identified any significant impact as at 1 January 2018 from the adoption of ECL model.

While cash and bank balances are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

4 Changes in accounting policies (continued)

(c) HKFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Equity investments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of comprehensive income. Dividends from such investments continue to be recognised in the consolidated income statement when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVPL are not reported separately from other changes in fair value.

4 Changes in accounting policies (continued)

(c) HKFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018 (continued)

Impairment of financial assets

The Group assesses on a forward looking basis the ECL associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECL are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

The Group applies the simplified approach permitted by HKFRS 9, which uses expected lifetime losses to be recognised from initial recognition of the assets for trade receivables and contract assets.

Impairment on other receivables and amounts due from related parties is measured as either 12-month ECL or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition.

(d) HKFRS 15 Revenue from Contracts with Customers – impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in HKFRS 15, the Group has adopted the new rules modified retrospectively and the comparative figures have not been restated. Based on the Group's assessment, there was no material impact to the condensed consolidated financial statements of the Group upon the adoption of HKFRS15.

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

Presentation of contract assets and liabilities

Contract assets recognised in relation to construction services were previously presented as Amounts due from customers for contract works.

Contract liabilities for progress billing recognised in relation to sales of properties were previously presented as Pre-sale proceeds received from customers.

4 Changes in accounting policies (continued)

(d) HKFRS 15 Revenue from Contracts with Customers – impact of adoption (continued)

Accounting for costs incurred to obtain a contract

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

Accounting for significant financing component

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

(e) HKFRS 15 Revenue from Contracts with Customers – Accounting policies applied from 1 January 2018

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(i) Sales of properties

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if 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.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation 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 contract.

4 Changes in accounting policies (continued)

(e) HKFRS 15 Revenue from Contracts with Customers – Accounting policies applied from 1 January 2018 (continued)

(i) Sales of properties (continued)

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable. Therefore, revenue is mainly recognized at point in time.

(ii) Construction services

For construction services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

(iii) Rental income

Rental income from investment property is recognised in the consolidated income statement on a straight-line basis over the term of the lease.

(iv) Service income

Service income is recognised when the related services are rendered.

5 Estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017.

6 Financial risk management

6.1 Financial risk factors

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

The Group's businesses are principally conducted in RMB. As at 30 June 2018, the non-RMB assets and liabilities of the Group are mainly cash and bank balances (Note 17) denominated in United States Dollars (“**USD**”) and Hong Kong Dollars (“**HK\$**”) and borrowings (Note 22) denominated in USD. The Group has not entered into forward exchange contract to hedge its exposure to foreign exchange risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

There have been no changes in the risk management policies since year end of 2017.

6.2 Liquidity risk

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

6 Financial risk management (continued)

6.2 Liquidity risk (continued)

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 30 June 2018 (Unaudited)					
Borrowings (Note)	24,518,067	30,598,206	16,192,406	1,562,869	72,871,548
Trade and other payables, excluding accrual for staff costs and allowances, other taxes payable	20,575,847				20,575,847
Amounts due to related parties	2,293,673	—	—	—	2,293,673
Financial guarantee	24,769,305	—	—	—	24,769,305
Guarantee provided for joint ventures	1,889,500	—	—	—	1,889,500
	74,046,392	30,598,206	16,192,406	1,562,869	122,399,873

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2017 (Audited)					
Borrowings (Note)	25,389,158	32,747,787	15,876,079	1,774,700	75,787,724
Trade and other payables, excluding accrual for staff costs and allowances, other taxes payable	20,506,007	—	—	—	20,506,007
Amounts due to related parties	1,354,824	—	—	—	1,354,824
Financial guarantee	20,646,169	—	—	—	20,646,169
Guarantee provided for joint ventures	2,057,910	—	—	—	2,057,910
	69,954,068	32,747,787	15,876,079	1,774,700	120,352,634

Note: Interest on borrowings is calculated on borrowings held as at 30 June 2018 and 31 December 2017, respectively. Floating-rate interest is estimated using the current interest rate as at 30 June 2018 and 31 December 2017, respectively.

6 Financial risk management (continued)

6.3 Capital management

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

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

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Total borrowings (Note 22)	66,626,362	69,453,610
Less: Cash and bank balances (Note 17)	(20,307,671)	(20,517,148)
Net borrowings	46,318,691	48,936,462
Total equity	33,085,392	30,761,053
Gearing ratio	1.40	1.59

6.4 Fair value estimation

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

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

6 Financial risk management (continued)

6.4 Fair value estimation (continued)

The financial assets at FVPL and investment properties are measured at fair value, which is grouped into level 3 fair value measurements, subsequent to initial recognition. Techniques, such as discounted cash flow analysis, are used to determine fair value for the financial assets at FVPL and investment properties. There were no changes in level 3 instruments during the six months ended 30 June 2018 (Six months ended 30 June 2017: same).

The Group's financial assets include cash and bank balances, trade and other receivables, contract assets, amounts due from related parties, and financial assets at fair value through profit or loss. The Group's financial liabilities include contract liabilities, trade and other payables, amounts due to related parties and borrowings. The fair value for financial assets and liabilities with maturities of less than one year are assumed to approximate their carrying amounts due to their short term maturities.

7 Segment information

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

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

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC for the six months ended 30 June 2018 (six months ended 30 June 2017: same).

As at 30 June 2018, all of non-current assets of the Group were located in the PRC (31 December 2017: same).

There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the six months ended 30 June 2018 (six months ended 30 June 2017: same).

8 Revenue

Revenue of the Group for the six months ended 30 June 2018 is as follow:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from sales of properties	14,001,718	11,688,343
Revenue from construction services	148,146	141,744
Rental income and others	137,669	70,782
	14,287,533	11,900,869

9 Expenses by nature

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold (excluding staff costs)	10,089,407	9,311,318
Staff costs (including directors' emoluments)	604,219	226,631
Business tax and other taxes	39,405	342,947
Marketing and advertising costs	149,878	87,692
Office lease payments	52,837	21,839
Property management fees	55,838	22,572
Depreciation (Note 13)	53,964	29,542
Amortisation of land use rights and intangible assets	9,026	3,308

10 Finance (cost)/income — net

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income		
— Interest income from bank deposits	134,612	37,496
Finance costs		
— Borrowing expenses	(2,757,392)	(1,682,799)
— Net foreign exchange losses	(170,586)	(7,423)
— Less: capitalised interest	2,747,240	1,669,898
	(180,738)	(20,324)
Finance (cost)/income — net	(46,126)	17,172

11 Income tax expenses

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
PRC corporate income tax	948,817	325,704
Land appreciation tax ("LAT")	795,467	448,854
	1,744,284	774,558
Deferred income tax		
PRC corporate income tax	(46,812)	147,392
	1,697,472	921,950

11 Income tax expenses (continued)

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the six months ended 30 June 2018 and 2017, based on the existing legislation, interpretations and practices in respect thereof.

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

PRC LAT

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

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

PRC dividend withholding income tax

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

Hong Kong profits tax

The applicable Hong Kong profit tax rate is 16.5% for the six months ended 30 June 2018 (six months ended 30 June 2017: 16.5%). Hong Kong profit tax was not been provided as the Group did not have any assessable profits tax for the six months ended 30 June 2018 (six months ended 30 June 2017: same).

Overseas income tax

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

12 Earnings per share

12.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2018 and 2017.

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (RMB'000)	1,523,912	687,851
Weighted average number of ordinary shares in issue (in thousand)	1,500,188	1,352,348
Basic earnings per share (RMB per share)	1.02	0.51

12.2 Dilutive

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

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (RMB'000)	1,523,912	687,851
Weighted average number of ordinary shares in issue (in thousand)	1,500,188	1,352,348
Adjustments — share options and awarded shares (in thousand)	21,144	—
Weighted average number of ordinary shares for diluted earnings per share (in thousand)	1,521,332	1,352,348
Diluted earnings per share (RMB per share)	1.00	0.51

13 Property, plant and equipment, land use right and investment properties

	Property, plant and equipment RMB'000	Land use rights RMB'000	Investment properties RMB'000
Six months ended 30 June 2018 (Unaudited)			
Opening net book amount as at 1 January 2018	1,518,138	464,407	10,465,400
Additions	26,050	—	332,839
Disposals	(4,230)	—	—
Fair value gains	—	—	272,548
Depreciation and amortisation	(53,964)	(7,542)	—
Closing net book amount as at 30 June 2018	1,485,994	456,865	11,070,787
Six months ended 30 June 2017 (Unaudited)			
Opening net book amount as at 1 January 2017	1,321,057	479,518	4,058,000
Additions	79,971	—	1,006,686
Transfers from properties under development	—	—	727,400
Disposals	(1,135)	—	—
Fair value gains	—	—	42,000
Depreciation and amortisation	(29,542)	(7,542)	—
Closing net book amount as at 30 June 2017	1,370,351	471,976	5,834,086

Refer to Note 28 for information on non-current assets pledged as security by the Group.

14 Investments accounted for using the equity method

(i) Amounts recognised in the condensed consolidated balance sheet

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Investments accounted for using the equity method:		
— Joint ventures	6,483,509	5,831,016
— Associates	878,006	912,897
	7,361,515	6,743,913

14 Investments accounted for using the equity method (continued)

(ii) Amounts recognised in the condensed consolidated income statement

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method:		
— Joint ventures	569,975	268,256
— Associates	(34,891)	1,250
	535,084	269,506

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

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Opening balances	5,831,016	2,603,872
Capital injections	87,618	1,494,819
Change from a joint venture to a subsidiary (Note 30)	(5,100)	—
Share of profits — net	569,975	268,256
	6,483,509	4,366,947

(iv) The movement of investments in associates are as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Opening balances	912,897	91,660
Capital injections	—	4,000
Share of (losses)/profits — net	(34,891)	1,250
	878,006	96,910

14 Investments accounted for using the equity method (continued)

- (v) There was a joint venture of the Group as at 30 June 2018 which, in the opinion of the executive directors, is material to the Group.

The Group's interests in Shanghai Kaitai Property Development Co., Ltd., which was individually material to the Group, as at 30 June 2018 was RMB1,906,231,000 (31 December 2017: RMB1,412,332,000). The Group's share of profits of Shanghai Kaitai for the six months ended 30 June 2018 were RMB493,899,000 (Six months ended 30 June 2017: RMB249,187,000).

15 Properties under development and completed properties held for sale

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Properties under development comprise:		
– Construction costs	21,532,424	13,950,974
– Capitalised interests	8,945,803	6,932,891
– Land use rights	73,768,047	70,016,402
	104,246,274	90,900,267
Completed properties held for sale comprise:		
– Construction costs	5,230,959	4,869,516
– Capitalised interests	1,118,230	1,180,057
– Land use rights	3,216,693	3,427,555
	9,565,882	9,477,128

Refer to Note 28 for information on current assets pledged as security by the Group.

16 Trade and other receivables and prepayments

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade receivables (note (a))	817,559	316,456
Notes receivable	6,033	2,300
Other receivables		
– Amounts due from minority shareholders	5,274,336	3,426,786
– Deposits for acquisition of land use rights and property development projects	3,532,146	2,461,113
– Receivables from local governments	100,000	405,265
– Deposits for construction contracts	50,000	50,000
– Others	1,075,219	1,081,575
	10,031,701	7,424,739
Prepayments		
– Prepayments for acquisition of land use rights	9,275,970	14,459,839
– Prepaid value added tax, business tax and other taxes	2,615,037	1,469,653
– Others	104,637	139,968
	11,995,644	16,069,460
Trade and other receivables and prepayments	22,850,937	23,812,955
Less: non-current portion of prepayments	–	(92,729)
Current portion of trade and other receivables and prepayments	22,850,937	23,720,226

16 Trade and other receivables and prepayments (continued)

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within one year	807,681	307,735
Over one year	9,878	8,721
	817,559	316,456

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

As at 30 June 2018, trade receivables of RMB9,878,000 were past due but not impaired (31 December 2017: RMB8,721,000). These relate to a number of independent customers for whom there are no significant financial difficulty. Management is of the view that the overdue amounts can be recovered as the Group is entitled to take over legal title and possession of underlying properties for re-sales.

As at 30 June 2018, the Group's trade and other receivables were mainly denominated in RMB (31 December 2017: same). As at 30 June 2018, the Group's maximum exposure to credit risk was the carrying value of each class of receivables mentioned above (31 December 2017: same). No material trade and other receivables were passed due nor impaired as at 30 June 2018 (31 December 2017: same).

17 Cash and bank balances

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Cash and cash equivalents denominated in:		
– RMB	16,489,628	18,466,148
– USD	1,122	1,524
– HK\$	2,761	4,959
	16,493,511	18,472,631
Term deposits denominated in RMB (Note (a)):	703,240	111,000
Restricted cash denominated in RMB (Note (c))	3,110,920	1,933,517
	20,307,671	20,517,148

- (a) The weighted average effective interest rate of the Group's term deposits as at 30 June 2018 was 2.28% per annum (31 December 2017: 3.6% per annum). The carrying amounts of the Group's term deposits approximate their fair values, as the impact of discounting is not significant.
- (b) In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group were required to place certain amount of presale proceeds of properties at designated bank accounts as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects when approval from the PRC local State-Owned Land and Resource Bureau is obtained. The remaining balances of the deposits will be released after completion of related pre-sold properties or issuance of the real estate ownership certificate of the properties, whichever is the earlier.
- (c) Amounts mainly represent restricted cash from properties presale proceeds, security for borrowings and for issuance of commercial bills.

18 Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares HK\$	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Six months ended 30 June 2017 (Unaudited)					
As at 1 January 2017 and 30 June 2017	1,352,348,000	13,523	12	2,485,669	2,485,681
Six months ended 30 June 2018 (Unaudited)					
As at 1 January 2018	1,494,800,500	14,948	13	3,506,038	3,506,051
Issue of ordinary shares in connection with private placement (Note (a))	103,500,000	1,035	1	893,180	893,181
As at 30 June 2018	1,598,300,500	15,983	14	4,399,218	4,399,232

- (a) On 12 June 2018, 103,500,000 shares of the Company were placed to certain independent investors at price of HK\$10.62 per share.

19 Other reserves

(a) Capital reserves

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

(b) Statutory reserves

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

(c) Share-based compensation reserve

The Company approved and adopted a share option scheme on 28 December 2015 (the "Share Option Scheme"). Share options under the Share Option Scheme (the "Option") are granted to eligible participant (the "Eligibles") including directors and other employees. Options are conditional on the Eligibles have served the Group for certain periods (the vesting period). Share Options are granted for no consideration and carry no dividend or voting rights. When exercisable, each Option is convertible into one ordinary share. The Group has no legal or constructive obligation to repurchase or settle the Options in cash.

On 5 January 2017, approximately 62,469,000 Options were granted to Eligibles with an exercise price of HK\$5.96 per share. The expiry date of the Options will be 4 January 2022. Particulars of Options as at 30 June 2018 are as follows:

Vesting periods	Exercise period	Number of outstanding Options as at 30 June 2018
1 year to 5 January 2018	5 January 2018 to 4 January 2022	16,978,000
2 years to 5 January 2019	5 January 2019 to 4 January 2022	16,044,000
3 years to 5 January 2020	5 January 2020 to 4 January 2022	21,393,000
		54,415,000

19 Other reserves (continued)

(c) Share-based compensation reserve (continued)

Set out below are movement of Options granted under the Share Option Scheme:

	Number of Options
As at 1 January 2018	57,284,000
Cancelled during the period	(2,869,000)
As at 30 June 2018	54,415,000

The fair values of Options determined by reference to valuation prepared by an independent values, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, using the Binomial valuation model range from HK\$1.88 to HK1.99 per Option. The significant inputs in the model were as follows:

(a) expected maturity date:	4 January 2022
(b) stock price at grant date and exercise price:	HK\$5.96 per share
(c) volatility:	34.41%
(d) annual risk-free interest rate:	2.09%
(e) dividend yield:	nil
(f) suboptimal factors:	2 or 3

The total expense recognised in consolidated income statement for share options granted to directors and employees for the six months ended 30 June 2018 was RMB12,174,000 (30 June 2017: RMB26,934,000).

20 Dividend

The Directors of the Company did not recommend the payment of interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: none).

21 Perpetual Capital Instruments

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

	Principal RMB'000	Distribution/ appropriation of profit RMB'000	Total RMB'000
Balance as at 1 January 2018 (Audited)	2,700,000	41,981	2,741,981
Redemption of Perpetual Capital Instruments	(1,000,000)	—	(1,000,000)
Profit attributable to holders of Perpetual Capital Instruments	—	99,878	99,878
Distribution made to holders of Perpetual Capital Instruments	—	(97,044)	(97,044)
Balance as at 30 June 2018 (Unaudited)	1,700,000	44,815	1,744,815
Balance as at 1 January 2017 (Audited)	3,200,000	32,533	3,232,533
Redemption of Perpetual Capital Instruments	(50,000)	—	(50,000)
Profit attributable to holders of Perpetual Capital Instruments	—	124,752	124,752
Distribution made to holders of Perpetual Capital Instruments	—	(121,170)	(121,170)
Balance as at 30 June 2017 (Unaudited)	3,150,000	36,115	3,186,115

22 Borrowings

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Borrowings included in non-current liabilities:		
Senior Notes — unsecured	5,308,128	2,566,458
Asset backed securities — secured	627,200	827,200
Corporate Bonds — unsecured	8,477,491	10,949,664
Borrowings from financial institutions — secured (Note (a))	48,128,682	49,165,935
Less: current portion of non-current borrowings	(16,968,982)	(15,899,267)
	45,572,519	47,609,990
Borrowings included in current liabilities:		
Borrowings from financial institutions — secured (Note (a))	4,084,861	5,944,353
Current portion of non-current borrowings	16,968,982	15,899,267
	21,053,843	21,843,620
Total borrowings	66,626,362	69,453,610

- (a) The carrying amounts of financial and non-financial assets pledged as security for borrowings are disclosed in Note 28. In addition to pledge of the Group's assets, Mr. Ou has provided personal guarantee for the borrowings from financial institutions of RMB2,760,000,000 as at 30 June 2018 (31 December 2017: RMB2,185,500,000).

22 Borrowings (continued)

(b) The Group's borrowings were repayable as follows:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within 1 year	21,053,843	21,843,620
Between 1 and 2 years	28,988,189	31,267,858
Between 2 and 5 years	15,110,375	14,668,873
Over 5 years	1,473,955	1,673,259
Total	66,626,362	69,453,610

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

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Senior notes	9.65%	8.96%
Asset backed securities	4.85%	5.62%
Corporate Bond	7.34%	7.83%
Borrowings from financial institutions	6.83%	6.64%
Weighted average effective interest rates	7.10%	6.90%

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
— RMB	59,713,504	64,338,853
— US\$	6,912,858	5,114,757
	66,626,362	69,453,610

22 Borrowings (continued)

- (e) The fair value of Senior Notes included in non-current borrowings as at 30 June 2018 is RMB5,170,105,000 (31 December 2017: RMB2,569,692,000), which is quoted in Singapore Exchange Ltd. and within level 1 of the fair value hierarchy. The carrying amounts of borrowings other than Senior Notes approximate their fair values as at 30 June 2018 (31 December 2017: same) as either the impact of discounting is not significant or the borrowings carry floating rates of interests.

23 Deferred tax assets and liabilities

- (a) The net movement on the deferred tax accounts is as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At 1 January	(2,528,792)	(1,220,584)
Credited/(charged) to the consolidated income statement (Note 11)	46,812	(147,392)
Consolidations of an entity previously held as a joint venture	(3,580)	—
At 30 June	(2,485,560)	(1,367,976)

23 Deferred tax assets and liabilities (continued)

- (b) The movement in deferred tax assets and liabilities during the six month ended 30 June 2018, without taking into consideration the offsetting of balances with the same tax jurisdiction, is as follows:

	Deferred tax assets – tax losses and others RMB'000	Deferred tax liabilities – fair value gains RMB'000
At 1 January 2018 (Audited)	512,609	(3,041,401)
Credited to the consolidated income statement	33,629	13,183
Consolidations of an entity previously held as a joint venture	–	(3,580)
At 30 June 2018 (Unaudited)	546,238	(3,031,798)

	Deferred tax assets – tax losses and others RMB'000	Deferred tax liabilities – fair value gains RMB'000
At 1 January 2017 (Audited)	258,949	(1,479,533)
Charged to the consolidated income statement	(41,269)	(106,123)
At 30 June 2017 (Unaudited)	217,680	(1,585,656)

24 Contract liabilities

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Contract liabilities	55,326,555	–

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties.

24 Contract liabilities (continued)

- (a) The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2018 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	6,980,482

- (b) Unsatisfied contracts related to sales of properties are expected to be recognized in 1 to 3 years, as of 30 June 2018.

25 Trade and other payables

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade payables (Note (a))	6,559,959	7,007,075
Note payables	572,094	592,778
Other payables:		
— Amounts due to non-controlling interests	10,649,406	8,659,701
— Other taxes payable	1,117,608	928,904
— Deposits received for sales of properties	531,445	2,047,107
— Deposits from contractors and suppliers	392,825	374,096
— Amounts due to a trust company	388,639	388,639
— Interests payable	361,840	635,312
— Accrued payroll	85,361	159,677
— Others	1,119,639	801,299
	21,778,816	21,594,588

25 Trade and other payables (continued)

(a) The ageing analysis of the trade payables based on invoice date is as follows:

	30 June 2018	31 December 2017
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within one year	3,975,374	5,017,284
Over one year	2,584,585	1,989,791
	6,559,959	7,007,075

(b) Trade and other payables as at 30 June 2018 were unsecured, interest-free, repayable on demand and mainly denominated in RMB (31 December 2017: all denominated in RMB).

(c) The carrying amounts of trade and other payables were considered to be the same as their fair values.

26 Financial guarantee

	30 June 2018	31 December 2017
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Guarantee in respect of mortgage facilities for certain purchasers (Note (a))	24,769,305	20,646,169
Guarantee provided for the borrowings of the joint ventures (Note (b))	1,889,500	2,057,910
	26,658,805	22,704,079

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

26 Financial guarantee (continued)

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

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

27 Commitments

- (a) Commitments for property development expenditures and equity investments are as follows:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Contracted but not provided for		
– Property development activities	22,364,402	10,019,267
– Land use rights	2,740,060	7,550,424
– Equity investment	141,632	151,033
	25,246,094	17,720,724

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

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
– Not later than one year	29,379	28,107
– Later than one year and not later than three years	12,836	21,848
	42,215	49,955

28 Assets pledged as security

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Assets		
Non-current assets		
Property, plant and equipment	1,336,348	1,369,186
Land use rights	446,773	454,168
Investment properties	4,299,200	5,702,000
Total non-current assets pledged as security	6,082,321	7,525,354
Current assets		
Properties under development and completed properties held for sale	36,826,165	59,807,747
Restricted cash	2,328,093	1,358,816
Total current assets pledged as security	39,154,258	61,166,563
Total assets pledged as security	45,236,579	68,691,917

Investments amounted to RMB9,225,820,000 (31 December 2017: RMB1,130,109,000) in certain subsidiaries directly or indirectly held by the Company were pledged as security for borrowing of the Group at 30 June 2018.

29 Significant related party transactions

- (a) Major related parties that had transactions during the six month ended 30 June 2018 with the Group are as follows:

Related parties	Relationship with the Group
Mr. Ou Zonghong (“Mr. Ou”)	Controlling Shareholder and director of the Company
Dingxin Company Limited (“Dingxin”)	Immediate parent company of the Company
Rongxin (Fujian) Property Management Co., Ltd. 融信(福建)物業管理有限公司	A company controlled by the Controlling Shareholder
Fujian Shiou Property Management Co., Ltd. 福建世歐物業管理有限公司	A company controlled by the Controlling Shareholder
Xiujing (Fujian) Landscape Engineering Co., Ltd. 秀景(福建)園林工程有限公司	A company controlled by the Controlling Shareholder
Xiuyi (Fujian) Landscape Engineering Co., Ltd. 秀藝(福建)園林工程有限公司	A company controlled by the Controlling Shareholder
Nanjing Kaijingsheng Property Development Co., Ltd. 南京愷璟晟房地產開發有限公司	Joint Venture
Hangzhou Xincheng Property Co., Ltd. 杭州信辰置業有限公司	Joint Venture
Hangzhou Zhongxu Property Co., Ltd. 杭州眾旭置業有限公司	Joint Venture
Hangzhou Ronghao Property Co., Ltd. 杭州融浩置業有限公司	Joint Venture
Ningbo Fenghua Heduo Property Development Co., Ltd. 寧波奉化和都房地產開發有限公司	Joint Venture
Nanjing Huihe Property Co., Ltd. 南京薈合置業有限公司	Joint Venture
Hangzhou Rongxuan Real Estate Development Co., Ltd. 杭州融暉房地產開發有限公司	Joint Venture
Hangzhou Wanjing Property Co., Ltd. 杭州萬璟置業有限公司	Joint Venture
Jinhua Ruiying Real Estate Co., Ltd. 金華市瑞盈房地產有限公司	Joint Venture
Zhengzhou Rongxin Langyue Property Co., Ltd. 鄭州融信朗悅置業有限公司	Joint Venture

29 Significant related party transactions (continued)

- (a) Major related parties that had transactions during the six month ended 30 June 2018 with the Group are as follows: (continued)

Related parties	Relationship with the Group
Zhoushan Kairong Real Estate Development Co., Ltd. 舟山愷融房地產開發有限公司	Joint Venture
Hangzhou Jinsheng Real Estate Development Co., Ltd. 杭州金昇房地產開發有限公司	Joint Venture
Nanjing Taiyi hexin Management Consultancy Co., Ltd. 南京泰熠和信企業管理諮詢有限公司	Joint Venture
Cixi Jingui Property Co., Ltd. 慈溪市金桂置業有限公司	Joint Venture
Dongtai Xinbi Real Estate Development Co., Ltd. 東台市新碧房地產開發有限公司	Joint Venture
Fuyang Lvdi Property Co., Ltd. 阜陽綠地置業有限公司	Joint Venture
Hangzhou Jinyang Industries Co., Ltd. 杭州瑾揚實業有限公司	Joint Venture
Hefei Hai Liang Property Co., Ltd. 合肥海亮置業有限公司	Joint Venture
Shanghai Kaitai Real Estate Development Co., Ltd. 上海愷泰房地產開發有限公司	Joint Venture
Fuzhou Yubaichuan Real Estate Development Co., Ltd. 福州裕百川房地產開發有限公司	Joint Venture
Hangzhou Rongxin Real Estate Development Co., Ltd. 杭州融歆房地產開發有限公司	Associate
Zhenjiang Yiteng Real Estate Development Co., Ltd. 鎮江億騰房地產開發有限公司	Associate
Hangzhou Zhenmao Investment Co., Ltd. 杭州臻茂投資有限公司	Associate
Shaanxi Shengshi Haihong Real Estate development Co., Ltd. 陝西盛世海宏房地產開發有限公司	Associate
Hangzhou Lvcheng Wangxi Real Estate Development Co., Ltd. 杭州綠城望溪房地產開發有限公司	Associate
Hangzhou Junan Real Estate Development Co., Ltd. 杭州鈞安房地產開發有限公司	Associate

29 Significant related party transactions (continued)

- (a) Major related parties that had transactions during the six month ended 30 June 2018 with the Group are as follows: (continued)

Related parties	Relationship with the Group
Hangzhou Yifang Real Estate Development Co., Ltd. 杭州羿凡房地產開發有限公司	Associate
Fuzhou Wanxi Real Estate Co., Ltd. 福州市萬曦房地產有限公司	Associate
Shaanxi Hai He Real Estate Development Co., Ltd. 陝西海和房地產開發有限公司	Associate
Yinchuan Shihai Real Estate Co., Ltd. 銀川世海房地產有限公司	Associate
Yinchuan Hai Mao Real Estate Co., Ltd. 銀川海茂房地產有限公司	Associate

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

(b) Key management compensation

Compensation for key management including directors is set out below:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Key management compensation:		
– Salaries and other employee benefits	4,705	3,777
– Pension costs	123	110
– Value of employee services under share option scheme	4,831	9,390
	9,659	13,277

29 Significant related party transactions (continued)

(c) Transactions with related parties

Save as disclosed elsewhere in these condensed consolidated financial information, during the six months ended 30 June 2018, the Group had the following transactions with related parties.

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Property management services provided by related parties		
— Fujian Shiou Property Management Co., Ltd.	29,778	17,658
— Rongxin (Fujian) Property Management Co., Ltd.	15,080	2,723
	44,858	20,381
Landscape engineering services provided by related party		
— Xiuyi (Fujian) Landscape engineering Co., Ltd.	35,843	—

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

Refer to Note 26 and Note 22(a) for information on guarantee provided for the borrowings of the joint ventures by the Group and the information on guarantee provided by Mr Ou for the borrowings of the Group, respectively.

29 Significant related party transactions (continued)

(d) Balances with related parties

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Amounts due from related parties:		
– Joint ventures	5,076,909	3,628,985
– Associates	503,342	342,805
	5,580,251	3,971,790
Amounts due to related parties:		
– Joint ventures	1,410,640	933,569
– Associates	738,631	300,412
– Other related parties:	144,402	120,843
– <i>Mr. Ou</i>	104,618	104,990
– <i>Fujian Shiou Property Management Co., Ltd.</i>	30,511	15,853
– <i>Dingxin</i>	9,273	–
	2,293,673	1,354,824

Amounts due from related parties were mainly represented the cash advances made to related parties which are unsecured, interest-free, repayable on demand and denominated in RMB.

Amounts due to Fujian Rongxin Shiou Property Management Co., Ltd. represented mainly the payables of property management fees which were unsecured, interest free, and to be settled according to agreed terms and were denominated in RMB. Other amounts due to related parties mainly represented cash advances from related parties which were unsecured, interest-free, repayable on demand and denominated in RMB.

30 Change from a joint venture to a subsidiary

On 30 April 2018 (the “Consolidation date”), the joint venture partner of Zhengzhou Yuhan Real Estate Development Co. Ltd. has transferred its controlling right of the jointly controlled project to the Group. Accordingly, the investment in the joint venture is remeasured to fair value at the Consolidation date when the Group obtained the control, and is deemed to have been disposed in exchange with the consolidation of subsidiary, the resulting gains from the remeasurements are recognised in the consolidated income statement in accordance with HKFRS 3 — Business Combinations.

The following table summarises the remeasurement gains on the investment in the joint venture, the fair value of identifiable assets acquired, liabilities assumed and the non-controlling interests recognised at the Consolidation date.

	At Consolidation dates
	RMB'000
Carrying amounts of the Group's investment in the joint venture	5,100
Fair value gains on the remeasurement of joint venture	5,478
Fair value of the investment in the joint venture	10,578
Recognised amounts of identifiable assets acquired and liabilities assumed	
Properties under development	366,177
Deferred tax liabilities	(3,580)
Amounts due to related parties	(341,857)
Total identifiable net assets	20,740
Non-controlling interests being recognised	10,162
Identifiable net assets acquired	10,578
Goodwill	—

The contribution of revenue and profit from the acquired business are not material to the Group for the period from the Acquisition dates to 30 June 2018. The consolidated revenue and consolidated profit for the six months ended 30 June 2018 would not be material impacted if the acquisitions had occurred on 1 January 2018.