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绿城房产
GREENTOWN

GREENTOWN CHINA HOLDINGS LIMITED
綠 城 中 國 控 股 有 限 公 司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03900)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

HIGHLIGHTS

- Total contracted sales achieved approximately RMB59.5 billion, representing a year-on-year increase of 31.1%.
- Profit attributable to the owners of the Company amounted to approximately RMB1.229 billion, which increased by 103.5% year-on-year.
- Basic earnings per share was RMB0.46, representing a year-on-year increase of 130.0%.
- As at 30 June 2017, bank balances and cash (including pledged bank deposits) totaled RMB36.735 billion (as at 31 December 2016: RMB24.971 billion); and net gearing ratio was 57.9%, representing a slight improvement from 58.1% as at 31 December 2016.
- The weighted average interest cost of the total borrowings for the Period decreased to 5.6% per annum, representing a remarkable reduction from 6.3% per annum of the corresponding period of last year.
- The Group acquired 12 new projects, with a total construction area of 2.95 million sqm, and total land acquisition cost amounted to RMB24.5 billion (of which RMB16.1 billion was paid by the Group). Investment scale reached record high among corresponding periods in previous years, with strategic acquisition of its first projects in Guangzhou, Chongqing and other core cities.

The board of directors (the "Board") of Greentown China Holdings Limited ("Greentown" or the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2017 (the "Reporting Period" or the "Period") prepared in accordance with International Financial Reporting Standards, together with comparative figures for the corresponding period in 2016. The interim results have been reviewed by the audit committee of the Company (the "Audit Committee") and approved by the Board. The following financial information is extracted from the unaudited condensed consolidated financial statements as set out in the interim report for the Reporting Period (the "2017 Interim Report") to be published by the Group.

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2017

	Notes	Six months ended 30 June 2017 RMB'000 (Unaudited)	Six months ended 30 June 2016 RMB'000 (Unaudited)
Revenue	3	**10,449,095**	9,682,113
Cost of sales		**(8,401,054)**	(7,305,560)
Gross profit		**2,048,041**	2,376,553
Other income	4	**576,602**	598,827
Selling expenses		**(521,942)**	(521,765)
Administrative expenses		**(924,971)**	(1,089,885)
Finance costs	5	**(736,038)**	(565,020)
Reversal (provision) of impairment losses on trade and other receivables		**8,266**	(19,073)
Impairment losses on amount due from an associate and a joint venture		**(32,381)**	(81,787)
Impairment losses on completed properties for sale		**(39,489)**	(109,220)
Gain from changes in fair value of an investment property		**252,214**	–
Fair value changes on cross currency swaps		**–**	55,547
Fair value changes on senior notes' early redemption options		**(5,475)**	(107,334)
Gain on acquisition of subsidiaries		**8,931**	153
Gain on re-measurement of associates to acquisition date fair value in business combination achieved in stages		**421**	35,775
Net gain on disposal of associates		**6,042**	–
Net gain on disposal of subsidiaries		**1,625,655**	2,707
Share of results of associates		**476,099**	608,595
Share of results of joint ventures		**(100,362)**	128,257
Profit before taxation		**2,641,613**	1,312,330
Taxation	6	**(1,371,996)**	(499,375)
Profit for the period		**1,269,617**	812,955

	Note	Six months ended 30 June **2017** ***RMB'000*** **(Unaudited)**	 2016 *RMB'000* (Unaudited)
Other comprehensive income item that may be reclassified subsequently to profit or loss			
Fair value gain on available-for-sale investment and other comprehensive income for the period, net of income tax		**194,006**	–
Total comprehensive income for the period		**1,463,623**	812,955
Profit for the period attributable to:			
Owners of the Company		**1,228,919**	604,299
Non-controlling interests		**40,698**	208,656
		1,269,617	812,955
Total comprehensive income attributable to:			
Owners of the Company		**1,422,925**	604,299
Non-controlling interests		**40,698**	208,656
		1,463,623	812,955
Earnings per share	*8*		
Basic		**RMB0.46**	RMB0.20
Diluted		**RMB0.46**	RMB0.20

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Note	**As at 30 June 2017** *RMB'000* **(Unaudited)**	As at 31 December 2016 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**6,474,226**	6,546,635
Investment properties		**971,500**	1,981,500
Goodwill		**769,241**	769,241
Interests in associates		**7,365,992**	7,105,857
Interests in joint ventures		**2,934,315**	3,058,370
Available-for-sale investments		**822,434**	516,801
Prepaid lease payment		**649,265**	662,981
Rental paid in advance		**6,848**	8,626
Deferred tax assets		**1,124,756**	1,304,716
Senior notes' early redemption options		**151,225**	156,700
		21,269,802	22,111,427
CURRENT ASSETS			
Properties for development		**28,096,479**	14,289,403
Properties under development		**67,457,972**	61,485,671
Completed properties for sale		**8,560,767**	12,246,484
Inventories		**93,991**	92,844
Trade and other receivables, deposits and prepayments	*9*	**10,975,014**	6,303,874
Amounts due from related parties		**21,669,268**	23,891,988
Prepaid income taxes		**3,068,127**	2,634,579
Prepaid other taxes		**2,145,920**	1,768,699
Pledged bank deposits		**4,887,568**	2,292,743
Bank balances and cash		**31,847,103**	22,677,917
		178,802,209	147,684,202

	Note	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	*10*	**17,526,379**	17,290,445
Pre-sale deposits		**49,125,876**	38,422,675
Amounts due to related parties		**23,790,748**	17,072,087
Dividend payable		**259,583**	–
Income taxes payable		**4,047,036**	4,663,588
Other taxes payable		**217,932**	441,433
Bank and other borrowings		**18,022,858**	10,037,318
		112,990,412	87,927,546
NET CURRENT ASSETS		**65,811,797**	59,756,656
TOTAL ASSETS LESS CURRENT LIABILITIES		**87,081,599**	81,868,083
NON-CURRENT LIABILITIES			
Bank and other borrowings		**22,999,940**	25,983,995
Senior notes		**4,813,782**	4,896,445
Corporate debt instruments		**14,377,741**	6,916,290
Deferred tax liabilities		**4,366,622**	4,744,710
		46,558,085	42,541,440
		40,523,514	39,326,643
CAPITAL AND RESERVES			
Share capital		**209,132**	209,034
Reserves		**25,395,982**	24,481,284
Equity attributable to owners of the Company		**25,605,114**	24,690,318
Perpetual securities		**5,598,919**	5,598,919
Non-controlling interests		**9,319,481**	9,037,406
		40,523,514	39,326,643

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

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

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

In the current interim period, the Group has applied, for the first time, certain amendments to International Financial Reporting Standards ("IFRSs") issued by the IASB which are effective for the Group's financial year beginning on 1 January 2017.

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

3. REVENUE AND SEGMENT INFORMATION

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Property sales	**8,664,575**	8,236,862
Hotel operations	**292,594**	298,005
Project management	**531,122**	352,555
Property rental income	**45,623**	65,053
Design and decoration	**868,882**	633,826
Sales of construction materials	**6,520**	5,992
Other business	**39,779**	89,820
	10,449,095	9,682,113

3. **REVENUE AND SEGMENT INFORMATION** (continued)

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

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

	Property development *RMB'000*	Hotel operations *RMB'000*	Property investment *RMB'000*	Others *RMB'000*	Segment total *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
For the six months ended 30 June 2016							
External revenue	8,236,862	298,005	65,053	1,082,193	9,682,113	–	9,682,113
Inter-segment revenue	–	710	–	117,745	118,455	(118,455)	–
Total segment revenue	8,236,862	298,715	65,053	1,199,938	9,800,568	(118,455)	9,682,113
Segment results	852,072	17,555	11,868	59,246	940,741	(1,419)	939,322
Unallocated administrative expenses							(65,904)
Unallocated other income							16,801
Unallocated finance costs							(3,678)
Fair value changes on cross currency swaps							55,547
Unallocated taxation							(129,133)
Profit for the period							812,955

3. **REVENUE AND SEGMENT INFORMATION** (continued)

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

Segment assets

	As at 30 June 2017	As at 31 December 2016
	RMB'000	*RMB'000*
Property development	**185,743,991**	155,218,642
Hotel operations	**6,650,747**	6,564,684
Property investment	**1,040,279**	2,011,811
Others	**5,498,837**	4,872,158
Total segment assets	**198,933,854**	168,667,295
Unallocated	**1,138,157**	1,128,334
Consolidated assets	**200,072,011**	169,795,629

Segment liabilities

	As at 30 June 2017	As at 31 December 2016
	RMB'000	*RMB'000*
Property development	**153,488,039**	124,376,681
Hotel operations	**357,062**	386,069
Property investment	**648,078**	682,160
Others	**4,561,901**	4,419,841
Total segment liabilities	**159,055,080**	129,864,751
Unallocated	**493,417**	604,235
Consolidated liabilities	**159,548,497**	130,468,986

4. **OTHER INCOME**

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Interest income	**204,494**	538,327
Net foreign exchange gains	**227,651**	–
Comprehensive service income	**11,408**	9,898
Others	**133,049**	50,602
	576,602	598,827

5. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Interest on borrowings	**1,839,433**	1,687,770
Less: Interest capitalised in properties under development and construction in progress	**(1,103,395)**	(1,122,750)
	736,038	565,020

6. TAXATION

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**962,772**	543,260
PRC Land Appreciation Tax ("LAT")	**318,357**	(107,258)
	1,281,129	436,002
Deferred tax:		
Current period	**90,867**	63,373
	1,371,996	499,375

PRC EIT is recognised based on management's best estimate of the annual income tax rate expected for the full financial year, which is 25%. All PRC subsidiaries are subject to EIT levied at a rate of 25% (2016: 25%).

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

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

The Group recognised land appreciation tax based on management's best estimates and in accordance to the requirements set forth in the relevant PRC tax laws and regulations. For the six months ended 30 June 2017, the Group has estimated and made a provision for LAT in the amount of RMB318,357,000 (for the six months ended 30 June 2016: a reversal of RMB107,258,000). The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

7. DIVIDENDS

During this Period, a final dividend of RMB0.12 per ordinary share, or RMB259,583,000 in total, for the year ended 31 December 2016 was declared by the Board and approved by the shareholders at the annual general meeting. The final dividend was subsequently paid on 31 July 2017.

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

8. EARNINGS PER SHARE

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

Earnings

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Profit for the period attributable to the owners of the Company	**1,228,919**	604,299
Distribution related to perpetual securities	**(227,778)**	(178,698)
Earnings for the purpose of basic earnings per share	**1,001,141**	425,601
Earnings for the purpose of diluted earnings per share	**1,001,141**	425,601

Number of shares

	Six months ended 30 June	
	2017	2016
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,163,386,904**	2,162,481,228
Effect of dilutive potential ordinary shares:		
Share options	**4,521,911**	4,199,590
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,167,908,815**	2,166,680,818

The computation of diluted earnings per share for the six months ended 30 June 2017 and 30 June 2016 does not assume the exercise of some of the share options because the exercise price of these share options was higher than the average market price for shares for the periods.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2017 *RMB'000*	As at 31 December 2016 *RMB'000*
Trade receivables	**1,140,570**	851,742
Less: allowance for doubtful debts	**(3,860)**	(9,873)
Trade receivables, net of allowance for doubtful debts	**1,136,710**	841,869
Other receivables, net of allowance for doubtful debts	**6,174,463**	3,824,326
Prepayments and deposits	**1,071,685**	1,604,529
Consideration receivables from disposal of subsidiaries	**2,592,156**	33,150
	10,975,014	6,303,874

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

	As at 30 June 2017 *RMB'000*	As at 31 December 2016 *RMB'000*
Within 90 days	**916,559**	607,946
91–180 days	**60,138**	79,654
181–365 days	**74,158**	44,202
Over 365 days	**89,715**	119,940
Trade receivables	**1,140,570**	851,742

10. TRADE AND OTHER PAYABLES

	As at 30 June 2017 *RMB'000*	As at 31 December 2016 *RMB'000*
Trade payables	**11,758,092**	12,027,302
Other payables and accrued expenses	**5,553,001**	5,085,266
Consideration payables on acquisition and partial acquisition of subsidiaries	**215,286**	177,877
	17,526,379	17,290,445

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

	As at 30 June 2017 *RMB'000*	As at 31 December 2016 *RMB'000*
Within 180 days	**9,701,153**	9,716,820
181–365 days	**794,466**	1,168,557
Over 365 days	**1,262,473**	1,141,925
Trade payables	**11,758,092**	12,027,302

MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONAL REVIEW

The first half of 2017 saw a great number of policies introduced to the real estate industry and the gradual tightening of the financial policies. On the one hand, restrictive measures on house purchase, housing loan, housing price, online contract signing, and resale of houses were put forward in hotspot cities to curb speculative investment demands; on the other hand, the land auction rules changed frequently – if the price ceiling had been reached, property developers had to place competing bids for self-holding area, social security housing area or the area for apartments for the aged, or even had to draw lots to obtain a land parcel. Nevertheless, there were still huge demands in the market and sales of large real estate companies continued to grow. In first-tier and second-tier cities, where land supply remained insufficient in the central area, the excessive demands resulted in soaring sales of houses. In third-tier and fourth-tier cities, influenced by the overflowing demands from first-tier and second-tier cities and the implementation of destocking policy, the market continued to heat up.

In addition, a series of policies on cultivating and developing property leasing market were introduced in July 2017. The local policy of "equal rights between leasing and purchasing a house", the auction of the first batch of land for leasing purposes only, and the announcement of the 12 pilot cities for house leasing policies all revealed the determination of the central government to develop the property acquisition and leasing markets simultaneously, which brought both challenges and opportunities to real estate development.

In face of the current market environment, the Group has always adhered to the philosophy of "letting housing products return to their residential nature". We provide high quality products and services to home-owners and at the same time, make sure our own businesses achieve quality growth. In regard to sales, we seek to maintain profitability in face of restrictive pricing policies. In regard to investments, we continue to implement our established strategy, placing additional efforts in the development of national strategic projects (such as the national games project, etc.), industrial strategic projects (such as the new economy and new industry ones) and innovative product projects (such as Young City series), and continue to optimize land reserve structure. In regard to corporate governance, we facilitate the synergetic development of our five business segments to push forward our strategic transformation. In regard to financial management, we strengthen budget control and develop new financing channels proactively. In regard to products and services, we always adhere to high standards, accelerate the R&D of new products, and further improve the service quality by establishing the housing 4S company and building the service system for the full-life-cycle of housing products. Thanks to the support of our shareholders and the dedication of all employees over the first half of 2017, the Group achieved delightful results in the Reporting Period.

Results Overview

During this Period, the Group realized a net profit of RMB1,270 million, representing an increase of RMB457 million or 56.2% from RMB813 million for the corresponding period in 2016. The increase was due to the Group's revenue of RMB10,449 million in the Period, representing a 7.9% increase from RMB9,682 million for the corresponding period in 2016. Besides, the Group disposed of the equity interests in two subsidiaries held by the Group for the effective revitalization of inventory, including a serviced apartments located in Beijing and two undeveloped land parcels. Profits attributable to owners of the Company for the Period amounted to RMB1,229 million, representing an increase of RMB625 million or 103.5% from RMB604 million for the corresponding period in 2016.

After deduction of post-tax effect of gains from acquisitions, and the provision and reversal of impairment losses on certain assets, profit or loss from changes in fair value of financial derivatives and gain from changes in fair value of investment properties, the core profit attributable to owners of the Company for the Period was RMB1,088 million, representing an increase of RMB327 million, or 43.0%, as compared to RMB761 million recorded in the corresponding period of 2016.

The basic earnings per share for the Period amounted to RMB0.46, representing an increase of 130.0% from RMB0.20 per share for the corresponding period in 2016.

Presales

For the six months ended 30 June 2017, Greentown Group (including Greentown China Holdings Limited and its subsidiaries, together with its joint ventures and associates) recorded a total contracted sales area of approximately 3.46 million sqm, and a total contracted sales amount of approximately RMB59.5 billion, hitting a record high compared to the corresponding periods in previous years. Average selling price for our investment projects reached RMB21,540 per sqm (for the six months ended 30 June 2016: RMB19,281 per sqm), at a leading level among property developers nationwide.

These investment projects have recorded a total contracted sales area of approximately 2.05 million sqm, and a total contracted sales amount of approximately RMB44.2 billion, of which approximately RMB23.9 billion was attributable to the Group (comprising Greentown China Holdings Limited and its subsidiaries) in the first half of 2017. As at 30 June 2017, our Group's investment projects recorded total subscription sales of RMB2.5 billion, of which approximately RMB1.5 billion was attributable to the Group. In addition, the projects under project management business where Greentown Group engaged in delivering brand value and management expertise (non-investment projects, referred to as"projects under project management") recorded a total sales area of approximately 1.41 million sqm, and a contracted sales amount of approximately RMB15.3 billion in the first half of 2017.

In the first half of 2017, the sell-through rate of investment projects was 49%, whereas the sell-through rate of newly launched investment projects was 79%. Projects like Hangzhou Osmanthus Grace and Ningbo Young City achieved sizzling sales, and were sold out immediately after they came into the market, increasing the sales contribution of single property sales. Meanwhile the inventory reduction achieved satisfactory results with many intractable projects sold.

Investment and Land Reserves

In the first half of 2017, the Group focused on investing in 15 core cities and continued to optimize the land reserve structure by making strategic layout in South China and Southwest China based on our consolidated market position in target regions like Hangzhou, Beijing, Zhejiang and Jiangsu. At the same time, the Group also invested in high quality third-tier and fourth-tier cities situated in the three urban agglomerations (Beijing-Tianjin-Hebei area, Yangtze River Delta area, and Pearl River Delta area) to develop fast turnover projects, which would not occupy excessive asset resources and accumulate inventories.

During the Reporting Period, the Group acquired a total of 12 land sites, most (approximately 70%) of which were in the core cities of Yangtze River Delta area and Pearl River Delta area. The total gross floor area ("GFA") of the new projects was approximately 2.95 million sqm, of which approximately 1.67 million sqm was attributable to the Group. The total land acquisition cost amounted to approximately RMB24.5 billion, of which approximately RMB16.1 billion was paid by the Group. The newly-added land resources were estimated to have a sales value of approximately RMB58.9 billion, of which approximately RMB34.9 billion was attributable to the Group. The average GFA price for the new land was approximately RMB11,979 per sqm.

Table of Newly-added Land Reserves in the First Half of 2017

No.	Land/Project Name	Acquired by	City	Equity	Total Land Cost/ Acquisition Price *(RMB million)*	Paid by Greentown *(RMB million)*	GFA *(sqm)*
1	Guangzhou Guanggang New City Project	Auction	Guangzhou	16.7%	4,001	668	259,843
2	Hangzhou Tape Factory 02 Block	Auction	Hangzhou	100%	1,271	1,271	80,267
3	Hangzhou Tangbei Block	Auction	Hangzhou	26%	3,100	806	109,884
4	Xiangshan Baishawan Rose Garden	Acquisition	Ningbo	100%	72	72	155,974
5	Nanjing Yuhua District Daishan Block	Auction	Nanjing	80%	3,810	3,048	310,000
6	Foshan Beijiao Block	Auction	Foshan	50%	1,942	971	252,082
7	Wuxi Taihu Lake New City Block	Auction	Wuxi	100%	3,834	3,834	309,808
8	Yiwu Zongtang 01 Block	Auction	Yiwu	74.5%	2,490	1,855	208,725
9	Yiwu Zongtang 02 Block	Auction	Yiwu	74.5%	1,769	1,318	149,224
10	Chongqing Ranjia Dam Project	Auction	Chongqing	100%	872	872	99,860
11	Jakarta Project	Acquisition	Jakarta	10%	87	87	778,900
12	Lishui Liuxiangyuan	Auction	Lishui	100%	1,266	1,266	230,612
	Total				24,514	16,068	2,945,179

Newly-added land plots are mostly located in the central area of core cities, which enjoy prime locations with exceptional rarity. For example, Guangzhou Guanggang New City Project lies in Liwan District, one of the six districts of central Guangzhou, and enjoys the fully-developed infrastructure of the old city with the central business district living circle in 20 minutes' drive; Chongqing Ranjia Dam Project lies in the political, business and residential hub of northern Chongqing, which enjoys the highest population density in the region and a client base with high purchasing power; Hangzhou Tape Factory 02 Block, which lies in Liuxia Unit of West Lake District, Hangzhou, is the only piece of low-density residential land in recent years. It will be developed into a high-end residential project in city west together with Hangzhou Tape Factory 03 Block, which the Group acquired last year.

As at 30 June 2017, Greentown Group had a total of 92 land reserve projects (including projects under and pending construction) with an aggregate GFA of approximately 30.57 million sqm, of which approximately 17.96 million sqm was attributable to the Group and the total saleable area amounted to approximately 22.15 million sqm, of which approximately 10.26 million sqm was attributable to the Group. The average GFA land acquisition cost was approximately RMB4,057 per sqm and the proportion of land reserves of the Group in first-tier and second-tier cities has risen from 43% at the beginning of 2017 to 47%.

Organizational Structure

In recent years, Greentown China has actively responded to national strategies such as urbanization and "One Belt, One Road" initiative. The Group shoulders the historical mission of building beautiful houses and creating beautiful lives for the people, and strives to transform from "building houses" to "building lives", from "marketing houses" to "marketing lifestyles". With the mission to become the "No.1 integrated service provider for an ideal life in China", Greentown China firmly implemented the development strategy of "Property Development Professionalization, Real Estate Financialization and Service Platform Building", and constituted the "Five in One" organizational control system to achieve such strategic transformation.

Greentown China is the control platform and the listing body of the Group. It is supported by the Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate"), Greentown Real Estate Project Management Group Co., Ltd. ("Greentown Project Management"), Greentown Asset Management Group Co., Ltd. ("Greentown Asset Management"), Greentown Ideal Town Construction Group Co., Ltd. ("Greentown Town Development") and Greentown Ideal Life Technology Co., Ltd. ("Greentown Ideal Life"). The five sub-groups coordinate efficiently with each other to realize the strategy of "Property Development Professionalization, Real Estate Financialization and Service Platform Building".

Greentown Real Estate focuses on investment projects development. It has a leading position in the industry by virtue of the excellent quality of housing products. Over 20 years of development, its sales has been growing constantly, and its operating turnover continues to rise, and profits are effectively guaranteed. In March 2017, Greentown Real Estate invested in a quality commercial residential project in Jakarta, Indonesia, marking the first step Greentown took to explore overseas markets.

Greentown Project Management focuses on non-investment project management and exporting its expertise in branding, management, and resources. As the largest and most professional project management company in China, it is fully trusted by the government, state-owned enterprises and other corporate clients. As at the date of this announcement, it has completed the strategic layout in the three urban agglomerations of "Beijing-Tianjin-Hebei area, Yangtze River Delta area, Pearl River Delta area" and "Hainan, Chengdu – Chongqing" city groups. As at 30 June 2017, the number of projects undertaken by Greentown Project Management reached 165 in total, with a planned total GFA of 49.65 million sqm and total estimated sales value of RMB280.1 billion.

Greentown Asset Management focuses on the three core business areas of "financial investment and management, industrial investment and management, investment and management of holding assets", aiming to "Build a Financial Holding Platform and an Ideal Greentown" through revitalizing and disposing of inventory and stock assets, equity investment and acquisitions, as well as real estate funds, financial leasing, commercial factoring and other financial businesses, to achieve the strategic transformation from "asset management" to "capital operation" for the comprehensive construction of a professional, innovative, high-quality financial service platform.

Greentown Town Development works on the building of unique towns catering for needs of different industries and strives to become a model of "supply side structural reform" in China's urbanization. Since its establishment in July 2016, Greentown Town Development has shown substantial progress in developing existing town projects, and has developed unique town projects for agricultural, tea, flower, red wine, sports, recuperation, and cultural tourism industries.

Greentown Ideal Life undertakes Greentown's development strategy of "Service Platform Building", and actively responds to the ever-changing situation in the real estate industry by creating housing 4S service business model with real estate brokerage, housing 4S and commercial operations as the main business segments. It strives to provide quality living services for Greentown home-owners and the public, covering the complete chain of customers' lives and the full-life-cycle of housing products, to explore "new products, new services, and new economy" and extend from "creating beautiful cities" to "creating beautiful lives" to help Greentown China in its strategic transformation.

Financial Management

Benefitting from the credit support from our largest shareholder China Communications Construction Group Limited ("CCCG"), and the positive prospect of the Company's operations in general, as at 30 June 2017, the net gearing ratio of the Group was 57.9% (as at 31 December 2016: 58.1%), and our bank balances and cash and pledged bank deposits totaled RMB36.735 billion. The weighted average interest cost of the total borrowings for the Period was 5.6% per annum, representing a remarkable decrease from 6.3% per annum in the first half of 2016.

In February 2017, the Group successfully received the approval of its issuance of RMB8.9 billion medium-term notes. In March 2017, the Group issued the first tranche of medium-term notes amounting to RMB3.0 billion for a term of 5 years at an interest rate of 5.5%. In April 2017, the second tranche of medium-term notes of RMB2.0 billion was issued for a term of 3 years at an interest rate of 5.19%. In June 2017, the third tranche of medium-term notes of RMB2.5 billion was issued for a term of 3 years at an interest rate of 5.47%. In August 2017, the last tranche of medium-term notes of RMB1.4 billion was issued for a term of 5 years at an interest rate of 5.3%, successfully completing the issuance of RMB8.9 billion medium-term notes.

On 19 July 2017, the Group successfully issued USD450 million senior perpetual securities redeemable in three years. The securities have been over-subscribed for 14 times, and the initial coupon rate of 5.250% hit a record low in the Group's overseas perpetual securities and bonds financing history, reflecting investors' full endorsement of Greentown China's overall development strategy and steady operation. Please refer to the section headed "Events after the balance sheet date" for further details of such senior perpetual securities.

However, the Company still faces the problem of having limited equity. The shareholders' equity of the Company was only RMB25.6 billion, which was not enough to support the development scale of over RMB100 billion sales every year. Therefore, Greentown Asset Management came into being. It concentrates on developing new financing channels, running diversified fund programs, and renovating holding assets financing. The hotel assets securitization business, financial leasing business and holding property fund schemes have all been put into practice.

Services and Products

The Group always adheres to the philosophy of "Sincerity, Goodwill, Exquisiteness, and Perfection", and constantly improves its service quality. The customer service satisfaction rate reached 99.7% in the first half of 2017 (increased by 0.5% on a year-on-year basis), the average processing time was 16.1 days, shortened by 9.5 days. In May 2017, the Group carried out the "Living Service Improvement Month" campaign for the first time, enhancing the relations within the neighborhood and improving community harmony. In addition, the establishment of Greentown Ideal Life Technology Co., Ltd. has put the Company's development strategy of "Building a Service Platform" into practice, and it will strive to uplift customers' living quality by satisfying their needs in all aspects of their lives and throughout the full-life-cycle of the housing products.

The Group places great emphasis on technological innovation, and considers R&D as the driving force for product upgrade. At present, the upsurge of metro construction brings a large number of "track+property" development opportunities, and also poses new challenges for construction safety and product techniques. A good example would be Hangzhou Phoenix Mansion, which made great breakthroughs by applying soil reinforcement and separate excavation technologies, securing simultaneous underground and on-the-ground construction to accelerate the operation process. It also overcame the influence of the metro shield on buildings arrangement, making the layout better and consequently increasing approximately RMB200 million value for the Group. Another example would be Ningbo Young City, which employed the damper device, which significantly minimized the vibration brought by metro operations, and further ensured the house safety. Meanwhile, when the industrialization of house constructions became an unstoppable trend, the Group set up a dozen construction industrialization demonstration projects, such as Hangzhou Phoenix Mansion, Hangzhou Osmanthus Grace, Beijing Xishan Mansion, Ji'nan National Games Project and Shanghai Sincere Garden (a project under project management). Such demonstration projects cover prefabricated construction, steel structure construction, cross construction and other advanced technologies.

PROSPECTS

Since the beginning of 2017, the regulation and control over the real estate sector has been increasingly stern. Austerity policies have been frequently introduced in first-tier and second-tier cities. However, investment in and development of real estate still grew rapidly and the land market remained heated. Looking into the second half of 2017, we expect the convening of the 19th National Congress of the Communist Party of China. The meeting of the Political Bureau of the Central Committee of the Communist Party of China has also pointed out that the government will maintain the continuity and stability of policy control, vigorously promote the establishment of a long-term mechanism for the stable and healthy development of real estate. It is expected that "different cities, different places, different polices" as well as control based on classifications will remain the keynote of market regulation in the second half of the year. The scope and intensity of regulatory measures in hot spot cities will remain, and that land supply will increase. It is also anticipated that the policy will further extend to third-tier and fourth-tier cities so as to prevent large amounts of investment capital from overflowing to these cities. With epochal policies being introduced and gradually implemented, such as "for leasing only", "equal rights between renting leasing and purchasing a house", "houses with shared property rights", it is expected that more cities will optimize the structure of land supply, and promote the transformation of the real estate market from sales focused to the simultaneous development of both sales and rental, so as to deepen the real estate reform.

In face of the long-term regulatory mechanism of the government and the increasingly fierce competition in the industry, the Group will strive to develop the brand of "No.1 integrated service provider for an ideal life in China" in full gear via steady operation, active exploration of the practice of the five-in-one control system, and acceleration of the strategic transformation of the Group, so as to adapt to the changes of the real estate market with a diversified development path. At the same time, the Group, with the strengthened market-orientation, will speed up the process of inventory reduction, optimize its land reserve with a refined investment strategy, improve its product quality, service quality and management quality, continue to optimize the steady and efficient financial control mechanism, and enhance system risk control capabilities with the operational results as its objective, so as to effectively enhance the Group's overall competitiveness in the industry and achieve quality growth.

Strategic Transformation

In order to better transform from "building beautiful houses" to "building beautiful lives", the Group will unswervingly regard "Property Development Professionalization, Real Estate Financialization and Service Platform Building" as the guiding direction. Relying on the five-in-one organizational structure, it will gradually achieve strategic transformation and expedite the realization of the strategic vision of becoming an integrated service provider for an ideal life in China.

Property Development Professionalization is an important issue for the transformation and upgrade of real estate enterprises. As the main force, Greentown Real Estate will continuously improve the professional level of real estate development with a focus on seven strategic goals, which comprise product quality, service quality, cost-effectiveness, turnover rate, gross margin, customer satisfaction, and operation efficiency. In the meantime, in order to comply with the needs of urban development and urbanization process, the Group has actively sought paths for the transformation and innovation of real estate development. Greentown Town Development will follow the gradual segmentation of the market, ride on favorable national policies to strengthen the industrial exploration and acquisition of characteristic towns, deepen the model town construction of industrial towns and habitat towns, and gradually form the characteristic model of town development and operation; Greentown Project Management will further expand the business scale of commercial project management, government project management and capital project management etc., and lead the industry in quality, efficiency, standards and other aspects, to ensure that we cement our No. 1 position in the industry, to promote the light asset model in real estate development.

Real Estate Financialization is the future direction of real estate development, and plays a pivotal role in the transformation of Greentown. With the strategic objective of "Real Estate Financialization", Greentown Asset Management will further unleash the liquidity of assets and optimize the Group's asset structure, by building Greentown's industry investment platform both upstream and downstream of our main business, expand diversified financing channels, and build Greentown's unique real estate capitalization model. It will build an internal financial holding platform for all-round financial support to the main business.

In order to better adapt to the post-real estate era, Greentown Ideal Life will focus on the complete chain of customers' lives and the full-life-cycle of housing products by building an online service platform for "Beautiful Greentown" high-end community life with the use of big data and Internet technology. The platform will integrate offline service resources, unify customer data entry and consolidate core data assets for the future core competitiveness of Greentown China.

Investment Expansion

In view of the current shortage of land reserve and imperfect inventory structure, the Group will adhere to the investment strategy of "core cities, core areas", focusing on three urban agglomerations of "Yangtze River Delta", "Pearl River Delta", "Beijing-Tianjin-Hebei" and four metropolitan areas of "Beijing, Shanghai, Guangzhou and Shenzhen". The Group actively participates in quality project plots which well align with the advantages and development strategies of the Group. The Group makes accurate investment decisions, and strives to realize the objectives of "strategic adjustment of investment stocks, optimized structure, and steady development". Regarding investment policy, we will focus on new entry into strategic and key cities, development model innovation and other types of projects, concentrate on developing projects of high gross margin and high turnover rate, and strive to achieve zero asset sedimentation, improving investment efficiency.

At the same time, the Group will actively promote precise investment, carry out quality large-scale investment, and make continuous innovations in investment style. First, in addition to bidding, we will actively explore mergers and acquisitions, integration of industry and city, rail transit property, old city transformation and other ways to obtain land. Second, we will increase cooperation with the industry benchmarking enterprises in more flexible ways, and try cross-industry cooperation with enterprises possessing high-quality industrial resources to enhance investment capacity through complementary advantages. Third, we will actively connect with the project construction of National Games Village and Asian Games Village; actively explore full-range service for the construction of Xiong'an New Area; deepen strategic cooperation with CCCG to achieve mutual benefits; promote the construction of ideal towns as a new urbanization model; try to participate in "mixed ownership reform" of other state-owned enterprises. Fourth, we will carry out relevant diversified investment in integrated industry around the main business and industrial value chain construction.

Additionally, in future, the Group will implement sound investment strategies overseas, with a focus on the three strategic regions, i.e. North America, Australia and Southeast Asia. Leveraging the resources of CCCG, as well as the brand influence and expertise of local developers, the Group will actively foster cooperation, so as to gradually learn the local development model and ultimately set up a professional overseas development team.

Sales

With adherence to the principles of early sales and quick sales, the Group will promptly respond to the overflowing effect of first-tier and second-tier cities and seize the opportunities arising from market recovery in third-tier and fourth-tier cities. It will adjust the sales targets of various cities and projects according to its own land reserve structure, set prices in a scientific way, and develop payment methods flexibly, thereby speeding up sales and capital return. At the same time, the Group will take the initiative to reform. In the research on urban agglomerations and customers, it will consolidate the professional strengths in market research of the Group as well as urban companies, accurately position new sites and products, and enhance the decision-making efficiency in investment. In strengthening brand marketing, the Group will continue to implement and deepen the brand proposition of "Only Life is the Most Precious" so as to promote the brand influence of Greentown. It will carry out brand operations via community activities and build the Children Care Project and Red Leaf Action as the symbols of Greentown, thereby the service experience of home-owners will be further enhanced. In the innovation of marketing model, the Group will make active use of big data and establish customer data centers. It will break the barriers between projects in customer resources and build complete customer files, so that efficiency and accurate customer data storage can be achieved. In the meantime, it will fully concretize internet marketing, meet the customer demands for online services and improve marketing efficiency.

Financial Control

On the basis of the five-in-one organizational structure, the Group will further improve the financial control system, continuously enhance the capability of professional management, fully and reasonably allocate financial resources and promote the quality of financial operations. In financing, it will further strengthen its cooperation with major banks, ceaselessly promote open market financing, actively innovate new financing models and broaden financing channels, and vigorously promote the innovative financial businesses such as funds, commercial factoring and financial leasing. In the budget management, it will gradually establish a sound budget analysis and early warning mechanism to standardize the budget adjustment process. In the capital coordination, based on both the overall budget and the Group's business plan, it will relentlessly reinforce the overall management of funds via the fund settlement center. In terms of tax planning, it will strengthen tax planning and day-to-day management of new and old projects and continue to promote the tax clearing of remaining projects, so as to reduce the taxation costs. In the meantime, the Group will develop financial informatization, by continually building a stable and efficient financial information system. It will enhance the integration between the financial system and various business systems and improve the efficiency of financial work.

Quality Management

Greentown Group has been highly trusted by customers for its quality. In its future development, the Group will continue to fully capitalize on this advantage and steadily promote comprehensive quality management, so as to maintain the core competitiveness of Greentown Group.

As for product quality, the Group will implement comprehensive quality control, promote improvement on quality, innovation and efficiency, and improve third-party evaluation mechanisms. The Group will also maximize the research and application of new products, technologies and techniques to maintain product quality and excellence, and the Group's market leading position in product design and innovation. The Group will enforce product standardization, develop measures of full-cycle comprehensive efficiency enhancement and strategic cooperation in supervision to improve employees' efficiency.

As for service quality, the Group is committed to customer satisfaction, enhancing our service system and innovating service offerings via system construction, quality inspection, customer feedback supervision and service linkage. With customer satisfaction as the goal, the Group will ensure continuous enhancement of service quality. On the basis of the sophisticated Ideal Life community service system, the Group is to build China's first housing 4S service model riding on big-data support. With an aim to cater market demands, the Group will fully integrate resources to gradually improve the diversified and customized service model of Greentown Ideal Life to create higher quality service value for more customers.

As for management quality, the Group will continue to carry out the "four comprehensive" management of "talent, quality, service and budget" to promote standardized operations. Talent management is focused on matching talents with the right position; quality management is focused on pursuing "quality first"; service management concentrates on "customer demand" and budget management is concerned with "maximizing the interests of the Company". As a guide to the work of managements and employees at all levels, the "four comprehensive" will elevate the Company management to a new level.

Risk Management

The Group will be operating on a result-oriented basis to enhance its capabilities to control system risks.

With systematic construction of work mechanisms, the Group is to build the basic line of defense for risk management. Based on the different positioning of Greentown China and the five sub-groups, the Group will form three levels of institutional standard system of Greentown China, sub-groups and the project companies. On the level of Greentown China and sub-groups, the Group focused on the construction of modules of corporate governance, financial control, human resources and administration, brand services and investment expansion. It is also concerned about the common risks in managing a diversified Group. On the level of project companies, we take the preliminary work, design, engineering, marketing, costs, services, and accounting as the major lines that form the "seven-string lyre" operating manual, to prevent the common risks in real estate industry at the executive level.

The Group will form a three-in-one institutional standard system of "Group Control Standards, Business Operation Standards and Product Technology Standards", formulating a comprehensive system of risk prevention that includes the "business defense, legal defense, audit defense and monitoring defense", and gradually improve the Company's risk aversion, identification and disposal capabilities to form a closed-loop mechanism of risk management.

Saleable Resources in the Second Half of 2017

In the second half of 2017, the total saleable housing area of Greentown Group is estimated to reach 5.21 million sqm, with a total saleable amount of RMB101 billion. In the second half of 2017, the Group is expected to have 110 investment projects. It is expected that the total saleable housing area can reach approximately 3.99 million sqm, and overall saleable amount is expected to reach approximately RMB84.6 billion, of which the saleable amount of the saleable property inventories in the first half of 2017 amounted to about RMB47.4 billion, and the saleable amount for new saleable property area in the second half of this year is expected to be around RMB37.2 billion. The total saleable housing area in the first-tier and second-tier cities is about 2.39 million sqm, and the saleable amount is estimated to be approximately RMB60.3 billion, representing 71% of the saleable amount in the second half of 2017. The saleable housing area of Greentown's projects under project management in the second half 2017 is estimated to reach 1.22 million sqm, with the saleable amount of RMB16.4 billion.

In the future, Greentown Group will further deepen its mixed ownership reform. Relying on the abundant resources of CCCG as well as the influence of Wharf (Holdings) Limited, a Hong Kong blue-chip enterprise, it will carry out multi-directional strategic cooperation. With the unremitting pursuit of product perfection and service quality by our founding shareholder Mr. Song Weiping, the Group will spare no effort in evolving itself into a role model of mixed ownership enterprises. On the whole, with the coordinated development of the five business segments, Greentown Group will fully demonstrate its core competitiveness through the transformation from "building houses" to "building lifestyle" in the market, and will accelerate the realization of the beautiful vision of becoming an integrated service provider for an ideal life.

FINANCIAL ANALYSIS

Revenue

The Group mainly derives its revenue from its property sales. The Group's other sources of revenue include income generated from its hotel operation, property rental, project management, sales of construction materials and design and decoration, etc. During this Period, the revenue from property sales was RMB8,665 million, representing 82.9% of total revenues and a 5.2% increase from RMB8,237 million for the corresponding period in 2016. The average selling price of properties delivered during the Period was RMB15,465 per sqm, representing an increase of 16.6% from RMB13,267 per sqm for the corresponding period in 2016, mainly due to the delivery of Shanghai Bund House which are upmarket finely-decorated high-rise apartments with a relatively high selling price and which represented 26.6% of the Group's revenue from property sales, pulling up the average selling price to a certain extent.

In the first half of 2017, projects with the revenue recognized by subsidiaries were as follows:

Projects	**Type of Properties**	**Area Sold** *(sqm)* *(Note)*	**Sales Revenue** *(RMB million)*	**% of Total**	**Average Selling Price** *(RMB/sqm)*
Shanghai Bund House	High-rise Apartment	26,965	2,303	26.6%	85,407
DeqingYingxi Arcadia	High-rise Apartment, Villa	91,055	805	9.3%	8,841
Hainan Blue Town	High-rise Apartment, Villa	21,360	597	6.9%	27,949
Huzhou Majestic Mansion	Villa	31,238	543	6.3%	17,383
Zhoushan Changzhi Island	High-rise Apartment	28,861	438	5.1%	15,176
Fenghua Rose Garden	High-rise Apartment, Villa	22,846	426	4.9%	18,647
Linhai Rose Garden	Villa	17,549	392	4.5%	22,337
Hefei Jade Lake Rose Garden	High-rise Apartment	26,710	279	3.2%	10,446
Zibo Lily Garden	High-rise Apartment, Low-rise Apartment, Villa	31,880	267	3.1%	8,375
Changsha Bamboo Garden	Villa	21,321	255	2.9%	11,960
Qingdao Ideal City	High-rise Apartment	10,245	233	2.7%	22,743
Ningbo Wisdom Park	Office	25,742	224	2.6%	8,702
Other		204,527	1,903	21.9%	9,304
Total		**560,299**	**8,665**	**100%**	**15,465**

Note: Area sold includes area above ground and underground.

During this Period, the revenue from property sales in Zhejiang (excluding Hangzhou) was RMB3,382 million, representing 39.0% of the total, ranking top. Projects in the Shanghai area realized a total property sales income of RMB2,303 million, representing 26.6%, ranking second. Projects in the Hangzhou area realized a total property sales income of RMB958 million, representing 11.1%, ranking third.

During this Period, the revenue from sales of high-rise apartments, low-rise apartments and serviced apartments was RMB5,565 million, representing 64.3% of the Group's total revenue from property sales. The revenue from the sales of villas was RMB2,871 million, representing 33.1%, and that of offices was RMB229 million, representing 2.6%.

During this Period, the Group realized the design and decoration revenue of RMB869 million, representing an increase of RMB235 million or 37.1% from RMB634 million for the corresponding period in 2016, mainly due to the fact that upmarket refined decoration products and service provided by the design and decoration business remained to be highly recognized by customers, and that the customer base continued to expand in recent years, resulting in an increasingly enlarged business scale.

During this Period, the Group realized the project management revenue of RMB531 million, representing an increase of 50.4% from RMB353 million for the corresponding period in 2016. This was mainly due to the fact that with the firm implementation of the Group's philosophy of light asset operation and after continuous integration and reinforcement, the existing project management business platform has become the benchmark for the project management with the project management scale being in the lead. In the meantime, the "Greentown Management" brand has obtained a good reputation in the industry, and the overall project management business takes on a rapid development momentum.

During this Period, the Group's hotel operation revenue remained stable at of RMB293 million, compared with RMB298 million for the corresponding period in 2016.

During this Period, the Group realized property rental revenue of RMB46 million, representing a decrease of 29.2% from RMB65 million for the corresponding period in 2016, mainly due to the disposal of the equity interests in its wholly-owned subsidiary which held and leased Beijing Greentown Oakwood Residence Apartment Hotel in 2017. For details, please refer to "Material Disposals" below.

Gross Profit and Gross Profit Margin

During this Period, the Group's gross profit was RMB2,048 million, representing a 13.8% decrease from RMB2,377 million for the same period in 2016, mainly due to the fair value adjustment on the cost of sales which arises from the acquisition of subsidiaries by the Group. Excluding such effect, the Group achieved a gross profit of RMB2,877 million in this Period, representing a 17.4% increase from RMB2,451 million in the same period in 2016.

In the Period, the Group achieved a gross profit margin of 19.6%. Excluding the fair value adjustment on the cost of sales which arises from the acquisition of subsidiaries by the Group, the Group achieved a gross profit margin of 27.5% in this Period, slightly higher than 25.3% in the same period in 2016. In that, the Group achieved a gross profit margin in property sales of 26.4% in this Period, significantly higher than 22.7% in the same period in 2016, mainly due to the delivery of Shanghai Bund House, which are upmarket finely-decorated high-rise apartments, ranking top in terms of revenue generated, and realized a high profit margin of property sales during the Period.

Other Income

During this Period, the Group recorded other income of RMB577 million, which remained at a similar level as RMB599 million for the corresponding period in 2016, which mainly included interest income, net foreign exchange gains, and comprehensive service income, etc.

During this Period, the Group realized net foreign exchange gains of RMB228 million, mainly due to the large amount of foreign currency borrowings of the Group as well as the effect of the RMB appreciation against the US dollar in the first half of 2017. In the corresponding period in 2016, the Group recorded a net foreign exchange loss of RMB123 million in administrative expenses.

Selling and Administrative Expenses

During this Period, the Group incurred selling expenses of RMB522 million and administrative expenses of RMB925 million, totaling RMB1,447 million, representing a decrease of RMB165 million or 10.2% from RMB1,612 million for the corresponding period in 2016, mainly due to the improved level of cost control.

As the single largest item of expenditure in selling and administrative expenses, the cost of human resources was RMB620 million for the period (the corresponding period in 2016: RMB542 million), representing an increase of 14.4%, mainly due to the Group's introduction of outstanding mid-and-high-end professionals of various types in order to cater for the diversified business modes, resulting in an increase in human resources costs.

During this Period, the expenses incurred in marketing activities amounted to RMB207 million, representing a decrease of 10.0% from RMB230 million for the corresponding period in 2016, and the daily operating expenses amounted to RMB356 million, representing a decrease of 14.0% from RMB414 million for the corresponding period in 2016. This was mainly due to a certain degree of decline in office, staff travel and meeting services. The main reason is that in the Period, the Group implemented the comprehensive budget management boosted with the cost control information system, and further optimized the cost standard and the control measures according to the budget implementation conditions. The level of cost control has thus been improved and a good start and early results have been achieved.

Finance Cost

During this Period, the interest expense included in the Group's condensed consolidated statement of profit or loss and other comprehensive income was RMB736 million (the corresponding period in 2016: RMB565 million). The total interest expense for the Period was RMB1,839 million, representing an increase of RMB151 million from RMB1,688 million for the corresponding period in 2016, mainly due to the increased weighted average occupied funds of the Period. The weighted average interest cost of the total borrowings for the Period was 5.6%, which was significantly lower than 6.3% for the corresponding period in 2016 and also represented an improvement from 5.9% for the whole year of 2016. This was mainly due to the Group's continued optimization of debt structure, active innovation of the financing model and expandation of the financing channels. In the meantime, the Group promoted the property financialization, including measures such as the issue of RMB7.5 billion medium-term notes, the active replacement of high-cost loans so as to continuously reduce the Group's financing costs. The capitalized interest for the Period was RMB1,103 million and the capitalization rate was 60.0% (the corresponding period in 2016: 66.5%).

Share of Results of Joint Ventures and Associates

During this Period, the Group's share of results of joint ventures recorded a loss of RMB100 million, and the share of results of associates recorded a profit of RMB476 million, resulting in an aggregated profit of RMB376 million, representing a decrease of RMB361 million from the profit of RMB737 million for the corresponding period in 2016, mainly due to the decrease in the sales area of properties delivered and the increase in the provision of land appreciation tax.

The revenue from property sales of joint ventures and associates totally amounted to RMB10,288 million in the Period, representing a decrease of 9.7% from RMB11,388 million for the corresponding period in 2016. The property delivery area decreased by 11% from 621,870 sqm for the six months ended 30 June 2016 to 553,326 sqm for the Period.

In the first half of 2017, projects with revenues recognized by joint ventures and associates were as follows:

Projects	**Type**	**Type of Properties**	**Area Sold** *(sqm)* *(Note)*	**Sales Revenue** *(RMB million)*	**% of Total**	**Average Selling Price** *(RMB/sqm)*
Hangzhou Wulin No. 1	Associate	High-rise Apartment	41,360	3,130	30.4%	75,677
Lishui Beautiful Spring River	Associate	High-rise Apartment	115,981	1,782	17.3%	15,365
Wenzhou Begonia Bay	Associate	High-rise Apartment, Villa	18,413	405	3.9%	21,995
Jinan National Games Project	Associate	High-rise Apartment, Villa	33,716	359	3.5%	10,648
Wuxi Lihu Camphora Garden	Joint venture	High-rise Apartment, Villa	85,645	1,242	12.1%	14,502
Hangzhou Zhijiang No. 1	Joint venture	High-rise Apartment	28,985	642	6.2%	22,149
Zhoushan Rose Garden West Area	Joint venture	High-rise Apartment, Villa	44,626	561	5.5%	12,571
Other			184,600	2,167	21.1%	11,739
Total			**553,326**	**10,288**	**100%**	**18,593**

Note: Area sold includes area above ground and underground.

Taxation Expenses

During this Period, taxation included the land appreciation tax of RMB318 million (the corresponding period in 2016: a reversal of RMB107 million) and enterprise income tax of RMB1,054 million (the corresponding period in 2016: RMB606 million). During this Period, the effective enterprise income tax rate was 49.5% (excluding share of results of joint ventures and associates and losses of certain offshore subsidiaries), higher than the statutory tax rate of 25.0%. It was mainly attributable to the early provision for withholding tax on dividend, the unrecognized deferred tax assets of the losses of certain onshore subsidiaries and the effect of certain non-deductible expenses.

Gain from Changes in Fair Value of an Investment Property

Investment property is a property held for rental earning and measured at fair value. The Group commissioned DTZ Debenham Tie Leung Limited to provide assessments on the value of a leased office building in Dalian during the Period. According to the results of the assessment, the gain from changes in fair value of the investment property amounted to RMB252 million in the Period.

Fair Value Changes on Early Redemption Options of Senior Notes

All of the senior notes of the Group contain early redemption options. Early redemption options are regarded as embedded derivatives not closely related to the host contracts. During this Period, the fair value changes on early redemption options of senior notes resulted in a loss of RMB5 million (the corresponding period in 2016: a loss of RMB107 million).

Provision for Impairment Losses for Certain Assets

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

Company	**Project**	**Impairment Loss** *(RMB million)*
Taizhou Gili Jiayuan Real Estate Development Co., Ltd	Taizhou Rose Garden	15
Lin'an Jinji Real Estate Development Co., Ltd	Lin'an Spring Blossom	15
Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd	Hangzhou Blue Patio	9
Total		**39**

In addition, an impairment loss of RMB32 million was made on the amount receivable from Wenzhou Greentown Development Real Estate Development Co., Ltd (Wenzhou Begonia Bay), an associate of the Group.

Pre-sale Deposits

Pre-sale deposits represent the amounts received from the pre-sale of properties. The amounts will be recognized as sales revenue upon delivery of properties sold. As at 30 June 2017, the balance of pre-sale deposits of the Group was RMB49,126 million, representing an increase of RMB10,703 million or 27.9% from RMB38,423 million as at 31 December 2016.

As at 30 June 2017, the balance of pre-sale deposits of joint ventures and associates was RMB60,063 million, representing an increase of RMB9,158 million or 18.0% from RMB50,905 million as at 31 December 2016.

The increase in the above-mentioned pre-sales deposits was mainly due to the fact that housing reserves and new housing reserves of the Group had higher sales rate and the sales capital had a higher return rate as the Group strengthened capital control during this Period.

Financial Resources and Liquidity

As at 30 June 2017, the Group had bank balances and cash (including pledged bank deposits) RMB36,735 million (as at 31 December 2016: RMB24,971 million). Total borrowings amounted to RMB60,214 million (as at 31 December 2016: RMB47,834 million) and net borrowings (i.e. total borrowings less bank balances and cash) amounted to RMB23,479 million (as at 31 December 2016: RMB22,863 million). The net gearing ratio was 57.9%, which was slightly lower than 58.1% as at 31 December 2016 and remained at a reasonable level. This was mainly due to the fact that as the Group improved the efficiency of its capital utilization and strengthened its financing coordination during the Period, the Company maintained a good cash flow and a reasonable debt ratio.

Greentown Group has obtained facilities of more than RMB170 billion from financial institutions, of which approximately RMB127 billion remains available as at 30 June 2017.

Material Disposals

On 7 May 2017, the Group and an independent third party entered into equity transfer agreements,pursuant to which the Group agreed to dispose of 100% equity interest held in Litao (Hangzhou) Construction Design Company Limited* (力濤(杭州)建築設計諮詢有限公司) and Beijing Greentown Yinshi Real Estate Co. Ltd.* (北京綠城銀石置業有限公司), being its wholly-owned subsidiaries, which held serviced apartments in Beijing and two undeveloped land parcels, at a consideration of RMB1,409 million and RMB1,344 million respectively. Such disposals increased the profit attributable to shareholders of the Group by RMB1,202 million for the Period.

For details about the disposal agreements, please refer to the announcement of the Company dated 7 May 2017. The equity and debt transfer under the transactions is expected to result in cash inflow of approximately 3,476 million for the Group.

Risks of Foreign Exchange Fluctuation

The principal place of operation of the Group is the People's Republic of China, and the majority of the income and expenditure were settled in RMB. The Group had deposits in foreign currencies, amount due from and to the related parties and third parties denominated in foreign currencies, as well as bank borrowings and overseas senior notes balance at an aggregate amount of approximately USD2,084 million. As such, the Group was exposed to exchange rate risk. However, the Group's operating cash flow and liquidity is not subject to significant influence from fluctuations in exchange rates, but the Company is actively exploring foreign exchange hedging plans with major banks, though no foreign exchange hedging arrangements have been entered into as at 30 June 2017.

Financial Guarantees

The Group provided financial guarantees to banks for mortgage facilities granted to buyers of the Group's properties. As at 30 June 2017, such financial guarantees amounted to RMB29,182 million (as at 31 December 2016: RMB27,361 million).

Pledge of Assets

As at 30 June 2017, the Group pledged buildings, hotels, construction in progress, prepaid lease payment, investment properties, properties for development, properties under development, completed properties for sale, pledged bank deposits, interests in joint ventures and interests in associates, with an aggregate carrying value of RMB37,660 million (as at 31 December 2016: RMB37,698 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

Capital Commitments

As at 30 June 2017, the Group had contracted, but not provided for, capital expenditure commitments of RMB17,113 million (as at 31 December 2016: RMB11,000 million) in respect of properties for development, properties under development and construction in progress.

Capital Expenditure Plan

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

EVENTS AFTER THE BALANCE SHEET DATE

On 19 July 2017, Wisdom Glory Group Limited ("Wisdom Glory"), a wholly-owned subsidiary of the Company, issued senior perpetual capital securities (the "Senior Perpetual Capital Securities") in the aggregate principal amount of USD450,000,000. The Senior Perpetual Capital Securities are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company has provided a guarantee for the obligations of Wisdom Glory under the Senior Perpetual Capital Securities (the "Guarantee"). Please refer to the announcement of the Company dated 12 July 2017 for further details of the Senior Perpetual Capital Securities and the Guarantee. The net proceeds from the issue of the Senior Perpetual Capital Securities, after deducting the subscription discounts and commissions and other estimated expenses, was approximately USD445.8 million. The Company intends to use the net proceeds of the issue of the Senior Perpetual Capital Securities to refinance existing indebtedness (including but not limited to the Company's 8.0% senior notes due 2019 (the "2019 Senior Notes")) and for general working capital purposes. The Company issued a notice of redemption informing the holders of the 2019 Senior Notes that the Company would redeem the 2019 Senior Notes via the standard procedures of Euroclear and Clearstream on 21 July 2017 and all the outstanding 2019 Senior Notes have been redeemed in full on 22 August 2017.

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

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

HUMAN RESOURCES

As at 30 June 2017, the Group employed a total of 5,186 employees (as at 31 December 2016: 5,334). The employees of the Group were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the remuneration committee of the Company and the Board on a regular basis. As an incentive for the employees, bonuses and cash awards may also be granted to the employees based on their individual performance evaluation.

CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with the requirements of all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the Reporting Period.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the Company's code for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they had complied with the required standard as set in the Model Code throughout the Reporting Period. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on same terms as the Model Code.

REVIEW OF INTERIM RESULTS

The interim results announcement for the six months ended 30 June 2017 have been reviewed by the Audit Committee and approved by the Board.

The auditor of the Company, Deloitte Touche Tohmatsu ("DTT"), has performed a review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" on the interim financial information of the Group for the six months ended 30 June 2017 prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", and a review report dated 25 August 2017 was issued by DTT.

INTERIM DIVIDEND

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

PUBLICATION OF INTERIM REPORT

The full text of the Company's 2017 Interim Report will be sent to the shareholders of the Company and posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinagreentown.com) respectively in due course.

FORWARD LOOKING STATEMENTS

This announcement includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believe", "estimate", "anticipate", "expect", "intend", "may", "will" or "should" (or of similar nature) or, in each case, their negative, or other variations or similar terminologies. These forward looking statements involve all matters that are not historical events. These forward looking statements appear in various parts of this announcement and include the Company's current intention and belief or statements about the current expectation on the Company's results of operations, financial condition and liquidity and the development of the industry in which Greentown Group operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which Greentown Group operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which Greentown Group operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods.

APPRECIATION

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

By order of the Board
Greentown China Holdings Limited
Fung Ching, Simon
Company Secretary

Hangzhou, the PRC

25 August 2017

As at the date of this announcement, the Board comprises seven executive directors, namely Mr Song Weiping, Mr Liu Wensheng, Mr Sun Guoqiang, Mr Shou Bainian, Mr Cao Zhounan, Mr Li Qingan and Mr Li Yongqian, and four independent non-executive directors, namely Mr Jia Shenghua, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael, and Mr Hui Wan Fai.