



GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司

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

(於開曼群島註冊成立的有限公司) (股票代碼：03900)

INTERIM REPORT

2017

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報告





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Corporate Profile

GREENTOWN CHINA HOLDINGS LIMITED IS A QUALITY PROPERTY DEVELOPER AND INTEGRATED LIVING SERVICE PROVIDER IN CHINA. IT MAINTAINS A LEADING POSITION IN THE INDUSTRY BY VIRTUE OF THE QUALITY OF ITS PRODUCTS, ITS UNIQUE ARCHITECTURAL AESTHETICS AND CUSTOMER-FOCUSED SERVICES, AND IS COMMITTED TO BEING THE “NO. 1 INTEGRATED SERVICE PROVIDER FOR AN IDEAL LIFE”. THE COMPANY WAS AWARDED THE “TOP 10 CHINESE REAL ESTATE ENTERPRISES BY COMPREHENSIVE STRENGTH” FOR THE 13TH CONSECUTIVE YEAR BY THE DEVELOPMENT RESEARCH CENTER OF THE STATE COUNCIL OF THE PRC, THE INSTITUTE OF REAL ESTATE STUDIES AT TSINGHUA UNIVERSITY AND THE CHINA INDEX ACADEMY, AND WAS ONCE AGAIN NAMED AS ONE OF THE “TOP 10 BRANDS OF CHINESE REAL ESTATE COMPANIES (DIVERSIFIED OWNERSHIP)” FOR THE 14TH CONSECUTIVE YEAR WITH A BRAND VALUE OF RMB29.076 BILLION. MEANWHILE, WITH ITS EFFORTS IN THE CONSTRUCTION OF SOCIAL SECURITY HOUSING AND CHARITY AND COMMUNITY SERVICES, GREENTOWN WAS REELECTED AS ONE OF “CHINA’S SOCIALLY RESPONSIBLE REAL ESTATE ENTERPRISES” FOR MANY YEARS, AND WAS RECOGNIZED AS A “2017 CHINA LEADING REAL ESTATE BRAND BY CUSTOMER SATISFACTION” FOR ITS PRODUCT AND SERVICE QUALITY.

Greentown China Holdings Limited is a mixed ownership enterprise engaging in the business of property development, building of unique towns, project management, asset operation and living services. It maintains a leading position in the market with high construction quality and excellent living services. Over 23 years of development, Greentown has over 300 member companies and its scope of business covers more than 20 provinces, autonomous regions and direct-controlled municipalities. It has presence in over 100 cities, having constructed more than 400 exquisite property complexes.

On 8 June 2012, Wharf was introduced as a strategic shareholder of Greentown. The aggregate investment from Wharf amounted to approximately HK\$5.1 billion (equivalent to approximately RMB4.16 billion), including the subscription of approximately 490 million placing shares and the subscription of convertible securities (which have been redeemed in full in February 2014). As at the date of this

report, Wharf (through its wholly-owned subsidiary) held approximately 25.0% of the total issued share capital of the Company.

On 27 March 2015, CCCG completed the share transaction with Mr SONG Weiping and other related shareholders pursuant to which CCCG acquired an aggregate of 524,851,793 shares of the Company at HK\$11.46 per share in cash (representing a total consideration of approximately HK\$6.015 billion). On 4 June 2015, CCCG acquired another 100 million shares of the Company at HK\$11.46 per share. As at the date of this report, CCCG held approximately 28.9% of the total issued share capital in the Company, making it the single largest shareholder of Greentown.

Being a professional developer of premium property in the PRC, Greentown Group has always insisted on innovation and continued to explore the relationship between humans and dwellings with excellent accomplishment in the low-

rise, multi-storey and high-rise residential properties. Based on the construction of beautiful architecture, Greentown Group is committed to building a better life for more people. It will continue to focus its development on the first-tier and second-tier cities like Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Tianjin, Nanjing, Chongqing and Jinan, as well as major cities overseas. As at 30 June 2017, the premium land bank of Greentown Group comprised a total GFA of over 30.57 million sqm ensuring the sustainable and steady development of the Company in the coming future. With its quality human resources and highly effective corporate management structure, Greentown has established an outstanding brand image in all cities where it operates. The Group's experience in developing numerous high-quality projects and outstanding operational capabilities accumulated so far has provided a strong momentum for its further expansion.

Since September 2010, Greentown Group has commenced the project management business. In September 2015, the Company acquired Greentown Dingyi Real Estate Investment Management Company Limited and Greentown Shidai City Construction & Development Company Limited, and established the Greentown Project Management Group. The Company has already undertaken an orderly integration of businesses, management teams and governing systems and led the industry with a complete standardized system of "Project Management 4.0", bringing in an increasingly sophisticated asset-light operation model and fast-growing business. In June 2016, the Company undertook a restructuring of Bluetown, involving, among other matters, the integration of the project management business of Bluetown with the Greentown Project Management Group. As a result, the new Greentown Project Management Group has further expanded its scale. As at 30 June 2017, the total number of projects managed by the new Greentown Project Management Group, taking into account the restructuring as set out above, has reached 165 in total with a planned total GFA of approximately 49.65 million

sqm. To date, the Greentown Project Management Group has evolved into the largest and the most professional asset-light real estate operation group in China.

In 2017, a brand new management structure and business development layout in the form of the "Five in One" organizational control system was established, with Greentown China being the core and five sub-groups, namely Greentown Real Estate, Greentown Project Management, Greentown Asset Management, Greentown Town Development and Greentown Ideal Life. With the full support of CCCG and Wharf, a Hong Kong blue-chip enterprise, together with our founder Mr. SONG Weiping, a renowned entrepreneur in China's real estate industry, and other substantial shareholders, the five business segments will hand in hand build the brand of "No. 1 integrated service provider for an ideal life in China", facilitate the transformation of Greentown China from the "home builder" to "lifestyle builder", and uplift the future core competitiveness of Greentown China.

Corporate Information

Board of Directors

Executive Directors

Mr SONG Weiping (Co-chairman)
Mr LIU Wensheng (Co-chairman)
Mr SUN Guoqiang
Mr SHOU Bainian
Mr CAO Zhounan
Mr LI Qingan
Mr LI Yongqian

Independent Non-Executive Directors

Mr JIA Shenghua
Mr KE Huanzhang
Mr SZE Tsai Ping, Michael
Mr HUI Wan Fai

Audit Committee

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

Nomination Committee

Mr SZE Tsai Ping, Michael (Chairman)
Mr LIU Wensheng
Mr SHOU Bainian
Mr JIA Shenghua
Mr KE Huanzhang
Mr HUI Wan Fai

Remuneration Committee

Mr JIA Shenghua (Chairman)
Mr SUN Guoqiang
Mr SHOU Bainian
Mr KE Huanzhang
Mr SZE Tsai Ping, Michael
Mr HUI Wan Fai

Registered Office

Maples Corporate Services Limited
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South Church Street, George Town
Grand Cayman KY1-1104
Cayman Islands

Share Registrar in Hong Kong

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

Share Registrar in Cayman Islands

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

Auditor

Deloitte Touche Tohmatsu

Legal Advisors

as to Hong Kong law:
Allen & Overy

as to PRC law:
Zhejiang T&C Law Firm

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

Company Secretary

Mr FUNG Ching, Simon

Authorized Representatives

Mr CAO Zhounan
Mr FUNG Ching, Simon

Principal Bankers

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

Hangzhou Headquarters

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Hangzhou, Zhejiang
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Stock Code

HKEx: 03900

Websites

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www.greentownchina.com

Land Bank Information

GREENTOWN IN CHINA



Urumqi



Daqing



Shenyang



Beijing



Tangshan



Dalian



Tianjin



Jinan



Qingdao



Zhengzhou



Xuzhou

Nanjing



Wuxi



Chongqing

Hefei



Shanghai



Shanghai



Huangshi



Zhejiang



Liuzhou



Changsha



Guangzhou



Foshan



Lingshui, Hainan

OVERSEAS

Jakarta, Indonesia



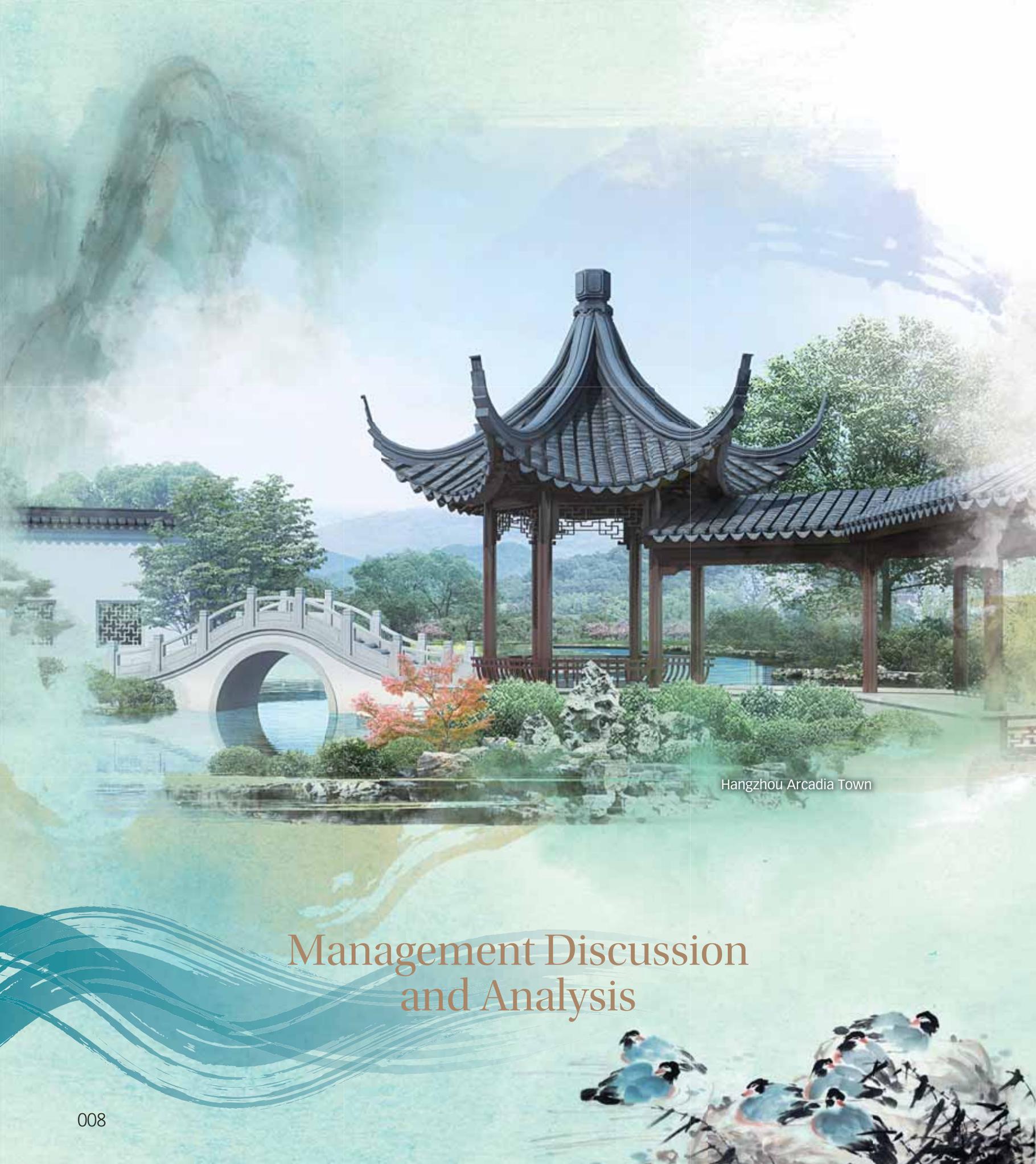
Total GFA Exceeds
30.57 Million sqm

| Region | No. of Projects | % of Total GFA (%) |
|---|-----------------|--------------------|
| Hangzhou | 19 | 15.0% |
| Zhejiang (excluding Hangzhou) | 31 | 29.5% |
| The Yangtze River Delta Area (excluding Zhejiang) | 6 | 4.9% |
| The Bohai Rim Area | 19 | 32.1% |
| The Pearl River Delta Area | 3 | 2.4% |
| Others | 13 | 13.6% |
| Overseas | 1 | 2.5% |
| Total | 92 | 100% |

| * The Yangtze River Delta Area | | | | |
|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Zhejiang (excluding Hangzhou) | Hangzhou | Jiangsu | Shanghai | |
| 9,028,151 | 4,579,557 | 1,124,888 | 380,699 | |
| Total GFA (sqm) | Total GFA (sqm) | Total GFA (sqm) | Total GFA (sqm) | |
| 29.5% | 15.0% | 3.7% | 1.2% | |
| Proportion to total land bank (%) | |
| * The Bohai Rim Area | | | | |
| Shandong | Liaoning | Tianjin | Beijing | Hebei |
| 5,500,461 | 1,801,328 | 1,393,735 | 708,814 | 391,266 |
| Total GFA (sqm) |
| 18.0% | 5.9% | 4.6% | 2.3% | 1.3% |
| Proportion to total land bank (%) |
| * The Pearl River Delta Area | | * Overseas | | |
| Guangdong | Indonesia (Jakarta) | | | |
| 734,604 | 778,900 | | | |
| Total GFA (sqm) | Total GFA (sqm) | | | |
| 2.4% | 2.5% | | | |
| Proportion to total land bank (%) | Proportion to total land bank (%) | | | |
| * Others | | | | |
| Hainan | Xinjiang | Heilongjiang | Henan | Anhui |
| 1,198,610 | 891,274 | 543,375 | 451,492 | 243,599 |
| Total GFA (sqm) |
| 3.9% | 2.9% | 1.8% | 1.5% | 0.8% |
| Proportion to total land bank (%) |
| Hunan | Guangxi | Inner Mongolia | Chongqing | Hubei |
| 235,307 | 205,927 | 174,807 | 99,860 | 99,600 |
| Total GFA (sqm) |
| 0.8% | 0.7% | 0.6% | 0.3% | 0.3% |
| Proportion to total land bank (%) |

Notes:

- (1) Excluding projects in which the Greentown Group holds less than 10% equity interest.
- (2) The figures for total GFA and site area are subject to adjustments due to planning changes. Relevant figures will only be finalized after project completion.



Hangzhou Arcadia Town

Management Discussion and Analysis

Operations and Management 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 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, Greentown Project Management, Greentown Asset Management, Greentown Town Development and 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 report, 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 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 more than 10 construction industrialization demonstration projects, such as Hangzhou Phoenix Mansion, Hangzhou Osmanthus Grace, Beijing Xishan Mansion, Jinan 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.

Outlook

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 policies” 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 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, 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 expansion 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 disposals above, 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 RMB3,476 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.

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.

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 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.



Zhoushan Rose Garden

Corporate Governance

Corporate Governance Code

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

Compliance with the Model Code

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

Review of Interim Results

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

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.



Zhoushan Zhujiajian Dongsha Resort

Other Information

Directors' and Chief Executive's Interests in Securities

As at 30 June 2017, the interests and short positions of directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long Positions in Shares and Underlying Shares of the Company

| Name of Director | Personal Interests in Underlying Shares (Share Options Granted to Directors) | Family Interests | Corporate Interests | Total Number of Shares and Underlying Shares Held | % of Issued Share Capital of the Company Held |
|------------------|--|------------------|-------------------------|---|---|
| Mr SONG Weiping | 1,089,000 (Note 1) | – | 226,071,924 (Note 2) | 227,160,924 | 10.496% |
| Mr SHOU Bainian | – | – | 174,549,783 (Note 3) | 174,549,783 | 8.065% |
| Mr CAO Zhounan | 3,359,000 (Note 4) | – | 1,961,500 (Note 5) | 5,320,500 | 0.246% |

Notes:

- (1) It represents the share options granted on 22 January 2009 pursuant to the 2006 Share Option Scheme and are exercisable at the price of HK\$2.89 per share from 22 January 2009 to 21 January 2019.
- (2) Mr SONG Weiping, being the sole shareholder of Delta House Limited ("Delta"), is deemed to be interested in 126,071,924 Shares held by Delta pursuant to Part XV of the SFO. Hong Kong Orange Osmanthus Foundation Limited ("HKOO Foundation") is a company limited by guarantee and established by Mr SONG Weiping as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG Weiping is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr SONG Weiping is deemed to be interested in 100,000,000 shares held by HKOO Foundation notwithstanding that Mr SONG Weiping is not beneficially interested in such shares.
- (3) Mr SHOU Bainian, being the sole shareholder of Profitwise Limited ("Profitwise"), is deemed to be interested in 174,549,783 shares held by Profitwise pursuant to Part XV of the SFO.
- (4) It represents the share options granted on 13 May 2009 pursuant to the 2006 Share Option Scheme and are exercisable at the price of HK\$7.16 per share from 13 May 2009 to 12 May 2019.
- (5) Mr CAO Zhounan, being a shareholder holding 60% of the equity interest of Hangzhou Chengxun Investment Management Company Limited ("Hangzhou Chengxun"), is deemed to be interested in 1,961,500 Shares held by Hangzhou Chengxun pursuant to Part XV of the SFO.

Long Position in Debentures of the Company

As at 30 June 2017, none of the directors and chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests in Securities

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at 30 June 2017, the following shareholders, other than those disclosed in the section headed "Directors' and Chief Executive's Interests in Securities", had notified the Company of relevant interests in the shares and underlying shares of the Company:

| Name of Substantial Shareholder | Interest or Short Position in the Shares or Underlying Shares (Note 1) | Capacity in Which Interests are Held | % of Issued Share Capital of the Company Held |
|--|---|--------------------------------------|---|
| CCCG (Note 2) | 624,851,793 (L) | Interest of controlled corporation | 28.871% |
| CCCG Holding (HK) Limited (Note 3) | 524,851,793 (L) | Beneficial owner | 24.250% |
| HSBC Trustee (C.I.) Limited (Note 4) | 540,589,293 (L) | Interest of controlled corporation | 24.977% |
| Wheelock and Company Limited ("Wheelock") (Note 5) | 540,589,293 (L) | Interest of controlled corporation | 24.977% |
| Wharf (Note 6) | 540,589,293 (L) | Interest of controlled corporation | 24.977% |
| Ms XIA Yibo (Note 7) | 227,160,924 (L) | Interest of spouse | 10.496% |
| Profitwise (Note 8) | 174,549,783 (L) | Beneficial owner | 8.065% |
| Delta (Note 9) | 126,071,924 (L) | Beneficial owner | 5.825% |
| HKOO Foundation (Note 9) | 100,000,000 (L) | Beneficial owner | 4.620% |
| Lehman Brothers Holdings Inc. (Note 10) | 101,400,450 (L) | Interest of controlled corporation | 4.685% |
| | 31,868,575 (S) | Interest of controlled corporation | 1.472% |

Other Information

Notes:

- (1) The letter "L" denotes a long position. The letter "S" denotes a short position.
- (2) CCCG is deemed to be interested in 624,851,793 shares through its controlled corporations, namely CCCG Real Estate Group Limited* (中交房地產集團有限公司) (which is wholly-owned by CCCG) and CCCG Holding (HK) Limited and CCCG Real Estate Holding Limited, each of which is wholly-owned by CCCG Real Estate Group Company Limited* (中交房地產集團有限公司).
- (3) A company controlled by CCCG by virtue of SFO.
- (4) HSBC Trustee (C.I.) Limited is deemed to be interested in 540,589,293 shares through its controlled corporations, namely Wheelock, Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart Investments Limited ("Target Smart").
- (5) Wheelock is deemed to be interested in 540,589,293 shares through its controlled corporations, namely Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart.
- (6) Wharf is deemed to be interested in 540,589,293 shares through its controlled corporations, namely Wharf China Holdings Limited and Target Smart.
- (7) Ms XIA Yibo is the spouse of Mr SONG Weiping. Accordingly, pursuant to Part XV of the SFO, Ms XIA Yibo is deemed to be interested in: (i) 126,071,924 shares held by Delta, a company of which Mr SONG Weiping is the sole shareholder; (ii) 100,000,000 shares held by HKOO Foundation, a charitable institution established by Mr SONG Weiping of which Mr SONG Weiping is the sole member (notwithstanding that neither Mr SONG Weiping nor Ms XIA Yibo is beneficially interested in those shares); and (iii) 1,089,000 share options of the Company held by Mr SONG Weiping. The aforesaid represents an aggregate of 227,160,924 shares.
- (8) A company controlled by Mr SHOU Bainian by virtue of SFO, of which Mr SHOU Bainian is the sole member.
- (9) A company controlled by Mr SONG Weiping by virtue of SFO, of which Mr SONG Weiping is the sole member. HKOO Foundation is a company limited by guarantee and established by Mr SONG Weiping as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG Weiping is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr SONG Weiping is deemed to be interested in 100,000,000 shares held by HKOO Foundation notwithstanding that Mr SONG Weiping is not beneficially interested in such shares.
- (10) Lehman Brothers Holdings Inc., according to its disclosure of interest filing, is deemed to be interested in a total of 101,400,450(L) shares and 31,868,575(S) shares through its controlled corporations by virtue of SFO.

Other than as disclosed above, the Company has not been notified of any other notifiable interests or short positions in any shares or underlying shares of the Company as at 30 June 2017.

Share Option Scheme

Details of the Company's share options granted, exercised, cancelled and lapsed during the six months ended 30 June 2017 were as follows:

| Name of Grantee | No. of Share Options Outstanding at the Beginning of the Period | No. of Share Options Granted During the Period | No. of Share Options Exercised During the Period | No. of Share Option Cancelled During the Period | No. of Share Option Lapsed During the Period | No. of Share Options Outstanding at the End of the Period | Date of Grant | Period During Which Share Options are Exercisable | Exercise Price per Share (HK\$) |
|---|---|--|--|---|--|---|-----------------|---|---------------------------------|
| Directors | | | | | | | | | |
| Mr SONG Weiping | 544,500 | - | - | - | - | 544,500 | 22 January 2009 | 22 January 2009 to 21 January 2019 | 2.89 |
| | 272,250 | - | - | - | - | 272,250 | 22 January 2009 | 22 January 2010 to 21 January 2019 | 2.89 |
| | 272,250 | - | - | - | - | 272,250 | 22 January 2009 | 22 January 2011 to 21 January 2019 | 2.89 |
| | 1,089,000 | - | - | - | - | 1,089,000 | | | |
| Mr CAO Zhounan | 59,000 | - | - | - | - | 59,000 | 13 May 2009 | 13 May 2011 to 12 May 2019 | 7.16 |
| | 3,300,000 | - | - | - | - | 3,300,000 | 13 May 2009 | 13 May 2012 to 12 May 2019 | 7.16 |
| | 3,359,000 | - | - | - | - | 3,359,000 | | | |
| Employees | | | | | | | | | |
| Certain employees of the Company's subsidiaries, associated companies and joint ventures | 1,489,500 | - | 344,000 | -13,500 | - | 1,159,000 | 22 January 2009 | 22 January 2009 to 21 January 2019 | 2.89 |
| | 2,002,500 | - | 356,000 | -19,750 | - | 1,666,250 | 22 January 2009 | 22 January 2010 to 21 January 2019 | 2.89 |
| | 2,793,500 | - | 419,000 | -19,750 | - | 2,394,250 | 22 January 2009 | 22 January 2011 to 21 January 2019 | 2.89 |
| | 13,003,750 | - | - | - | - | 13,003,750 | 22 June 2009 | 22 June 2009 to 21 June 2019 | 11.00 |
| | 7,113,875 | - | - | - | - | 7,113,875 | 22 June 2009 | 22 June 2010 to 21 June 2019 | 11.00 |
| | 7,375,375 | - | - | - | - | 7,375,375 | 22 June 2009 | 22 June 2011 to 21 June 2019 | 11.00 |
| | 7,500,000 | - | - | - | - | 7,500,000 | 17 July 2009 | 17 July 2009 to 16 July 2019 | 11.59 |
| | 3,750,000 | - | - | - | - | 3,750,000 | 17 July 2009 | 17 July 2010 to 16 July 2019 | 11.59 |
| | 3,750,000 | - | - | - | - | 3,750,000 | 17 July 2009 | 17 July 2011 to 16 July 2019 | 11.59 |
| | 48,778,500 | - | 1,119,000 | -53,000 | - | 47,712,500 | | | |
| Certain employees of Greentown Property Management Service Group Co., Ltd., Hangzhou Jinshagang Travel Cultural Company Limited and Greentown Holdings Group Limited, all being affiliates of Mr SONG Weiping and Mr SHOU Bainian | 872,500 | - | - | - | - | 872,500 | 22 June 2009 | 22 June 2009 to 21 June 2019 | 11.00 |
| | 436,250 | - | - | - | - | 436,250 | 22 June 2009 | 22 June 2010 to 21 June 2019 | 11.00 |
| | 436,250 | - | - | - | - | 436,250 | 22 June 2009 | 22 June 2011 to 21 June 2019 | 11.00 |
| | 1,745,000 | - | - | - | - | 1,745,000 | | | |
| Total | 54,941,500 | - | 1,119,000 | -53,000 | - | 53,905,500 | | | |

Other Information

During the period, 1,119,000 share options were exercised, and 53,000 share options previously cancelled resumed effect and were exercised in April 2017.

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

Other details regarding the share option scheme(s) of the Company should be referred to note 23 to the condensed consolidated financial statements of the Company in this report.

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

Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of shares in respect of the options may be granted under the Share Option Scheme shall not exceed 10% of the shares of the Company in issue as at the adoption date, and shall remain in force for a period of ten years from the Effective Date unless otherwise cancelled or amended. As at the date of this report, there has been no options granted under the Share Option Scheme since its adoption.

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

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

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

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

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

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

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).

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
Co-chairman

SONG Weiping LIU Wensheng

Hangzhou, the PRC
25 August 2017



Report on Review of Condensed Consolidated Financial Statements



TO THE BOARD OF DIRECTORS OF GREENTOWN CHINA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Greentown China Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 34 to 66, which comprise the condensed consolidated statement of financial position as of 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

25 August 2017

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) | 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 | 11 | 252,214 | – |
| Fair value changes on cross currency swaps | | – | 55,547 |
| Fair value changes on senior notes' early redemption options | 18 | (5,475) | (107,334) |
| Gain on acquisition of subsidiaries | 24 | 8,931 | 153 |
| Gain on re-measurement of associates to acquisition date fair value in business combination achieved in stages | 24 | 421 | 35,775 |
| Net gain on disposal of associates | | 6,042 | – |
| Net gain on disposal of subsidiaries | 25 | 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 | 6 | 2,641,613 | 1,312,330 |
| Taxation | 7 | (1,371,996) | (499,375) |
| Profit for the period | | 1,269,617 | 812,955 |
| 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 | 9 | | |
| Basic | | RMB0.46 | RMB0.20 |
| Diluted | | RMB0.46 | RMB0.20 |

Condensed Consolidated Statement of Financial Position

As at 30 June 2017

| | Notes | As at 30 June 2017 RMB'000 (Unaudited) | As at 31 December 2016 RMB'000 (Audited) |
|---|-------|--|--|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 10 | 6,474,226 | 6,546,635 |
| Investment properties | 11 | 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 | 18 | 151,225 | 156,700 |
| | | 21,269,802 | 22,111,427 |
| CURRENT ASSETS | | | |
| Properties for development | 12 | 28,096,479 | 14,289,403 |
| Properties under development | 13 | 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 | 14 | 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 | 27 | 4,887,568 | 2,292,743 |
| Bank balances and cash | | 31,847,103 | 22,677,917 |
| | | 178,802,209 | 147,684,202 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 15 | 17,526,379 | 17,290,445 |
| Pre-sale deposits | 16 | 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 | 17 | 18,022,858 | 10,037,318 |
| | | 112,990,412 | 87,927,546 |

Condensed Consolidated Statement of Financial Position

As at 30 June 2017

| | Notes | As at 30 June 2017 RMB'000 (Unaudited) | As at 31 December 2016 RMB'000 (Audited) |
|--|-------|--|--|
| 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 | 17 | 22,999,940 | 25,983,995 |
| Senior notes | 18 | 4,813,782 | 4,896,445 |
| Corporate debt instruments | 19 | 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 | 20 | 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 | 21 | 5,598,919 | 5,598,919 |
| Non-controlling interests | | 9,319,481 | 9,037,406 |
| | | 40,523,514 | 39,326,643 |

The condensed consolidated financial statements on pages 34 to 66 were approved and authorised for issue by the Board of Directors on 25 August 2017 and are signed on its behalf by:

CAO Zhounan
Director

LI Qing'an
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

| | Attributable to owners of the Company | | | | | | | | | | Total RMB'000 |
|--|---------------------------------------|-----------------------------|--------------------------------------|---|---------------------------------------|--|---------------------------------|---------------------|------------------------------------|---|-------------------|
| | Share capital RMB'000 | Share premium RMB'000 | Special reserve RMB'000 (i) | Statutory reserve RMB'000 (ii) | Share option reserve RMB'000 | Investments revaluation reserve RMB'000 | Retained earnings RMB'000 | Subtotal RMB'000 | Perpetual securities RMB'000 | Non- controlling Interests RMB'000 | |
| At 1 January 2016 (audited) | 208,967 | 8,543,013 | (563,194) | 1,850,121 | 213,783 | - | 13,748,347 | 24,001,037 | 3,014,681 | 9,644,341 | 36,660,059 |
| Profit and total comprehensive income for the period | - | - | - | - | - | - | 604,299 | 604,299 | - | 208,656 | 812,955 |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | - | (427,705) | (427,705) |
| Transfer (ii) | - | - | - | 52,180 | - | - | (52,180) | - | - | - | - |
| Exercise of share options | 9 | 364 | - | - | (111) | - | - | 262 | - | - | 262 |
| Issue of perpetual securities | - | - | - | - | - | - | - | - | 2,584,238 | - | 2,584,238 |
| Distribution relating to perpetual securities (note 21) | - | - | - | - | - | - | (146,752) | (146,752) | - | - | (146,752) |
| Acquisition of subsidiaries (note 24) | - | - | - | - | - | - | - | - | - | 31,977 | 31,977 |
| Disposal of a subsidiary | - | - | - | - | - | - | - | - | - | 4,940 | 4,940 |
| Liquidation of a subsidiary | - | - | - | - | - | - | - | - | - | (32,586) | (32,586) |
| Capital contribution from non-controlling shareholders of subsidiaries | - | - | - | - | - | - | - | - | - | 7,200 | 7,200 |
| At 30 June 2016 (unaudited) | 208,976 | 8,543,377 | (563,194) | 1,902,301 | 213,672 | - | 14,153,714 | 24,458,846 | 5,598,919 | 9,436,823 | 39,494,588 |
| At 1 January 2017 (audited) | 209,034 | 8,545,667 | (1,508,393) | 1,860,989 | 212,992 | 86,498 | 15,283,531 | 24,690,318 | 5,598,919 | 9,037,406 | 39,326,643 |
| Profit for the period | - | - | - | - | - | - | 1,228,919 | 1,228,919 | - | 40,698 | 1,269,617 |
| Other comprehensive income for the period | - | - | - | - | - | 194,006 | - | 194,006 | - | - | 194,006 |
| Total comprehensive income for the period | - | - | - | - | - | 194,006 | 1,228,919 | 1,422,925 | - | 40,698 | 1,463,623 |
| Dividends recognised as distributions (note 8) | - | - | - | - | - | - | (259,583) | (259,583) | - | - | (259,583) |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | - | (226,955) | (226,955) |
| Transfer (ii) | - | - | - | 131,714 | - | - | (131,714) | - | - | - | - |
| Exercise of share options | 98 | 3,871 | - | - | (1,141) | - | - | 2,828 | - | - | 2,828 |
| Distribution relating to perpetual securities (note 21) | - | - | - | - | - | - | (229,994) | (229,994) | - | - | (229,994) |
| Acquisition of subsidiaries (note 24) | - | - | - | - | - | - | - | - | - | 25,848 | 25,848 |
| Purchase of additional interest in subsidiaries | - | - | (21,340) | - | - | - | - | (21,340) | - | (4,660) | (26,000) |
| Partial disposal of interest in subsidiaries | - | - | (40) | - | - | - | - | (40) | - | 34,205 | 34,165 |
| Disposal of subsidiaries (note 25) | - | - | - | - | - | - | - | - | - | (9,361) | (9,361) |
| Liquidation of a subsidiary | - | - | - | - | - | - | - | - | - | (39,200) | (39,200) |
| Capital contribution from non-controlling shareholders of subsidiaries | - | - | - | - | - | - | - | - | - | 461,500 | 461,500 |
| At 30 June 2017 (unaudited) | 209,132 | 8,549,538 | (1,529,773) | 1,992,703 | 211,851 | 280,504 | 15,891,159 | 25,605,114 | 5,598,919 | 9,319,481 | 40,523,514 |

Notes:

- (i) Special reserve mainly represents changes in equity attributable to owners' of the Company risen from partial acquisition or disposal of subsidiaries. The changes are calculated based on the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received for the partial acquisition or disposal.
- (ii) The statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the relevant companies in accordance with the relevant laws and regulations of the People's Republic of China ("the PRC"). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Condensed Consolidated Statement of Cash Flows

For the six months Ended 30 June 2017

| | Notes | six months ended 30 June | |
|---|-------|--------------------------------|--------------------------------|
| | | 2017 RMB'000 (Unaudited) | 2016 RMB'000 (Unaudited) |
| Net cash used in operating activities | | (10,218,728) | (5,810,574) |
| Net cash from investing activities | | | |
| Purchase of property, plant and equipment | | (20,184) | (97,887) |
| Proceeds from disposal of property, plant and equipment | | 23,414 | 5,188 |
| Investments in associates | | (695,100) | (6,525) |
| Investments in joint ventures | | (173,120) | (77,684) |
| Disinvestments in associates | | – | 97,000 |
| Disinvestments in joint ventures | | 50,000 | 60,000 |
| Dividends received from associates and joint ventures | | 1,055,146 | 159,349 |
| Dividends received from available-for-sale investments | | 10,397 | 2,446 |
| Purchase of available-for-sale investments | | (86,627) | (3) |
| Proceeds from disposal of interests in associates | | 10,375 | – |
| Consideration paid for acquisition and partial acquisition of subsidiaries recognised in prior year | | (226,892) | – |
| Consideration received for disposal of a subsidiary and an associate recognised in prior year | | 78,538 | – |
| Acquisition of subsidiaries which constitute business (net of cash and cash equivalents acquired) | 24 | 477,334 | (44,355) |
| Disposal of subsidiaries (net of cash and cash equivalents disposed of) (Advance to) repayment from third parties | 25 | 120,825 | (7,664) |
| Repayment from related parties | | (25,735) | 96,408 |
| Increase in pledged bank deposits | | 2,143,805 | 1,905,492 |
| Exercise of cross currency swaps | | (2,594,825) | (18,633) |
| Interest received | | – | (144,249) |
| | | 173,023 | 307,870 |
| | | 320,374 | 2,236,753 |
| Net cash from financing activities | | | |
| Bank and other borrowings raised | | 16,546,567 | 21,522,017 |
| Repayment of bank and other borrowings | | (11,202,236) | (10,221,597) |
| Interest paid | | (1,653,728) | (1,451,631) |
| Advance from borrowings from related parties | | 7,988,930 | 2,548,396 |
| Contribution by non-controlling shareholders of subsidiaries | | 461,500 | 7,200 |
| Dividends paid to non-controlling interests | | (266,155) | (460,292) |
| Proceeds from issue of perpetual securities | | – | 2,584,238 |
| Distribution relating to perpetual securities | | (229,994) | (146,752) |
| Net proceeds from issue of corporate debt instruments | | 7,449,007 | – |
| Redemption of senior notes | | – | (6,177,244) |
| Proceeds from exercise of share options | | 2,828 | 262 |
| Purchase of additional interests in subsidiaries | | (26,000) | – |
| Proceeds from partial disposal of subsidiaries | | 34,165 | – |
| | | 19,104,884 | 8,204,597 |
| Net increase in cash and cash equivalents | | 9,206,530 | 4,630,776 |
| Cash and cash equivalents at 1 January | | 22,677,917 | 14,879,912 |
| Effect of foreign exchange rate changes | | (37,344) | 16,733 |
| Cash and cash equivalents at 30 June, represented by bank balances and cash | | 31,847,103 | 19,527,421 |
| As per condensed consolidated statement of financial position | | 31,847,103 | 19,527,421 |

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 RMB’000 | 2016 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 |

For the six months ended 30 June 2017

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 |
| 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 |

For the six months ended 30 June 2017

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 RMB'000 | As at 31 December 2016 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 RMB'000 | As at 31 December 2016 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 |

For the six months ended 30 June 2017

4. Other Income

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

6. Profit Before Taxation

| | Six months ended 30 June | |
|---|--------------------------|-----------------|
| | 2017 RMB'000 | 2016 RMB'000 |
| Profit before taxation has been arrived at after charging: | | |
| Salaries and other benefits | 791,436 | 665,311 |
| Retirement benefits scheme contributions | 38,617 | 33,468 |
| Less: Capitalised in properties under development | (212,064) | (156,959) |
| | 617,989 | 541,820 |
| Depreciation of property, plant and equipment | 135,659 | 150,200 |
| Less: Capitalised in properties under development | (2,306) | (3,141) |
| | 133,353 | 147,059 |
| Cost of properties and inventories recognised as an expense | 8,257,066 | 7,147,835 |
| Amortisation of prepaid lease payment (included in administrative expenses) | 12,837 | 12,440 |

For the six months ended 30 June 2017

7. Taxation

| | Six months ended 30 June | |
|-----------------------------------|--------------------------|-----------------|
| | 2017 RMB'000 | 2016 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 LAT based on management's best estimates and in accordance to the requirements set forth in the relevant PRC tax laws and regulations. For the six months ended 30 June 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.

8. Dividends

During the interim 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).

For the six months ended 30 June 2017

9. 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 RMB'000 | 2016 RMB'000 |
| Profit for the period attributable to the owners of the Company | 1,228,919 | 604,299 |
| Distribution related to perpetual securities (as defined in note 21) | (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.

10. Property, Plant and Equipment

During the interim period, the Group incurred additional expenditure on property, plant and equipment in the amount of RMB87,050,000 (for the six months ended 30 June 2016: RMB129,026,000).

Details of the buildings and construction in progress pledged to secure banking facilities granted to the Group are disclosed in note 27.

For the six months ended 30 June 2017

11. Investment Properties

During the interim period, the Group disposed of its entire 100% equity interest in Litao (Hangzhou) Construction Design Company Limited (“Hangzhou Litao”), which indirectly held an investment property of serviced apartments in Beijing amounted to RMB1,950,000,000, to an independent third party. For details please refer to note 25.

During the interim period, the Group changed the propose of an office building in Dalian from holding for sale in the course of ordinary business to holding to earn rentals, accordingly the Group transferred the classification of the office building from completed property for sale to investment property. The Group engaged DTZ Debenham Tie Leung Limited to conduct review of this office building. It was determined that the fair value of the office building was RMB940,000,000. The Group recognised gain from changes in fair value of investment property amounted to approximately RMB252,214,000.

12. Properties for Development

Included in properties for development as at 30 June 2017 was an amount of RMB12,908,837,000 (as at 31 December 2016: RMB3,618,857,000) in respect of long-term leasehold land for which the Group was in the process of obtaining the land use rights certificates.

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

13. Properties under Development

| | As at 30 June 2017 RMB'000 | As at 31 December 2016 RMB'000 |
|------------------------------------|---|---|
| Long-term leasehold land – at cost | 41,896,915 | 39,293,712 |
| Development costs | 18,805,031 | 15,929,601 |
| Finance costs capitalised | 6,756,026 | 6,262,358 |
| | 67,457,972 | 61,485,671 |

Properties under development for sale amounting to RMB49,600,201,000 (as at 31 December 2016: RMB44,637,779,000) are expected to be recovered after more than 12 months from the end of the period.

For the six months ended 30 June 2017

14. 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 |

15. 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 |

For the six months ended 30 June 2017

15. Trade and Other Payables (continued)

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 |

16. Pre-Sale Deposits

Pre-sale deposits represent amounts received in respect of properties pre-sold. They are expected to be recognised as revenue upon delivery of properties as contracted.

17. Bank and Other Borrowings

| | As at 30 June 2017 RMB'000 | As at 31 December 2016 RMB'000 |
|-------------------------------------|---|---|
| Secured bank loans (note 27) | 19,484,352 | 24,800,692 |
| Unsecured bank loans | 14,507,649 | 7,039,833 |
| | 33,992,001 | 31,840,525 |
| Secured other loans (note 27) | 3,830,797 | 3,340,788 |
| Unsecured other loans | 3,200,000 | 840,000 |
| | 7,030,797 | 4,180,788 |
| | 41,022,798 | 36,021,313 |
| The amount is repayable as follows: | | |
| Amounts due within one year | 18,022,858 | 10,037,318 |
| Amounts due after one year | 22,999,940 | 25,983,995 |
| | 41,022,798 | 36,021,313 |

For the six months ended 30 June 2017

17. Bank and Other Borrowings (continued)

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

| | As at 30 June 2017 RMB'000 | As at 31 December 2016 RMB'000 |
|--|---|---|
| Secured bank loans, guaranteed by: Non-controlling shareholders of subsidiaries | 2,207,422 | 2,025,000 |
| Unsecured bank loans, guaranteed by: Non-controlling shareholders of subsidiaries | 10,000 | – |

18. Senior Notes

2019 USD Notes – Unsecured

On 24 September 2013, the Company issued senior notes with an aggregate principal amount of USD300,000,000 at 100% of face value (the “2019 USD Notes”), which are listed on the Stock Exchange. The 2019 USD Notes carry interest at the rate of 8.0% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD296,947,000 (approximately RMB1,826,138,000). The 2019 USD Notes will mature on 24 March 2019.

The principal terms of 2019 USD Notes are disclosed in the Group’s 2013 consolidated financial statements.

On 10 February 2015, the Company issued additional senior notes with an aggregate principal amount of USD200,000,000 at 96.61% of face value plus accrued interest that were consolidated and formed a single series with the 2019 USD Notes. This additional USD senior notes are listed on the Stock Exchange and carry the same terms and conditions as the 2019 USD Notes. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD191,817,000 (approximately RMB1,175,321,000).

On 11 August 2015, the Company has exchanged USD263,459,000 (approximately RMB1,611,368,000) of the principal amount of 2019 USD Notes, representing approximately 52.69% of the total aggregate principal amount of 2019 USD Notes outstanding with new 2020 USD Notes. After exchange and cancellation of the exchanged notes, USD236,541,000 (approximately RMB1,446,732,000) of the aggregate principal amount of the 2019 USD Notes remain outstanding.

The 2019 USD Notes contain a liability component and an early redemption option:

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

The interest charged for the interim period is calculated by applying an effective interest rate of approximately 8.0% per annum to the liability component since the senior notes were issued.

- (ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption option as at 30 June 2017 is RMB49,110,000 (as at 31 December 2016: RMB48,602,000).

For the six months ended 30 June 2017

18. Senior Notes (continued)

2019 USD Notes – Unsecured (continued)

The movement of 2019 USD Notes during the interim period is set out below:

| | RMB'000 |
|---|-----------|
| At 1 January 2017 | 1,601,390 |
| Exchange realignment | (39,814) |
| Interest charged during the interim period | 73,777 |
| Interest paid/payable during the interim period | (62,862) |
| At 30 June 2017 | 1,572,491 |

2020 USD Notes – Unsecured

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

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

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

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

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

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

- (ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption option as at 30 June 2017 is RMB102,115,000 (as at 31 December 2016: RMB108,098,000).

For the six months ended 30 June 2017

18. Senior Notes (continued)

2020 USD Notes – Unsecured (continued)

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

| | RMB'000 |
|---|------------------|
| At 1 January 2017 | 3,295,055 |
| Exchange realignment | (78,691) |
| Interest charged during the interim period | 124,733 |
| Interest paid/payable during the interim period | (99,806) |
| At 30 June 2017 | 3,241,291 |

The summary of movements of all senior notes during the interim period is set out below:

| | RMB'000 |
|---|------------------|
| At 1 January 2017 | 4,896,445 |
| Exchange realignment | (118,505) |
| Interest charged during the interim period | 198,510 |
| Interest paid/payable during the interim period | (162,668) |
| At 30 June 2017 | 4,813,782 |

All of the senior notes contain early redemption options. Early redemption options are regarded as embedded derivatives not closely related to the host contracts. The directors consider that the fair value of the early redemption options as at 30 June 2017 is RMB151,225,000 (as at 31 December 2016: RMB156,700,000).

For the six months ended 30 June 2017

19. Corporate Debt Instruments

Corporate Bonds

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

On 18 September 2015, the Issuer issued the second tranche of the corporate bonds in an aggregate principal amount of RMB4,000,000,000 at 100% of face value comprising (i) RMB2,000,000,000 with a term of five years and an annual coupon rate of 4.40% (the "Five-year Bonds"), and (ii) RMB2,000,000,000 with a term of seven years and an annual coupon rate of 5.16% (the "Seven-year Bonds", together with the Five-year Bonds, the "Second Bonds"). The net proceeds, after deduction of direct issuance costs, amounted to RMB3,940,000,000. The Five-year Bonds will mature on 16 September 2020. The Seven-year Bonds will mature on 16 September 2022.

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

The principal terms of corporate bonds are disclosed in the Group's 2015 consolidated financial statements.

The corporate bonds contain a liability component and a written put option:

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

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

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

As at 30 June 2017, the Group has had no plan nor intention to exercise the Coupon Rate Adjustment Right of the corporate bonds, therefore the interest expense for the current interim period were calculated using the original coupon rates of the corporate bonds.

For the six months ended 30 June 2017

19. Corporate Debt Instruments (continued)

Corporate Bonds (continued)

The movement of corporate bonds during the interim period is set out below:

| | RMB'000 |
|---|------------------|
| At 1 January 2017 | 6,916,290 |
| Interest charged during the interim period | 176,605 |
| Interest paid/payable during the interim period | (167,023) |
| At 30 June 2017 | 6,925,872 |

Medium-term Notes

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

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

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

For the six months ended 30 June 2017

19. Corporate Debt Instruments (continued)

Medium-term Notes (continued)

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

| | RMB'000 |
|---|-----------|
| Fair value at the date of issuance | 7,449,007 |
| Interest charged during the interim period | 95,208 |
| Interest paid/payable during the interim period | (92,346) |
| At 30 June 2017 | 7,451,869 |

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

| | RMB'000 |
|---|------------|
| At 1 January 2017 | 6,916,290 |
| Fair value at the date of issuance | 7,449,007 |
| Interest charged during the interim period | 271,813 |
| Interest paid/payable during the interim period | (259,369) |
| At 30 June 2017 | 14,377,741 |

20. Share Capital

| | Number of shares | Share capital HKD'000 |
|---|----------------------|--------------------------|
| <i>Issued and fully paid</i> | | |
| Ordinary shares of HKD0.10 each | | |
| As at 1 January 2016 | 2,162,419,690 | 216,242 |
| Exercise of share options | 108,500 | 11 |
| As at 30 June 2016 | 2,162,528,190 | 216,253 |
| As at 1 January 2017 | 2,163,195,190 | 216,320 |
| Exercise of share options | 1,119,000 | 111 |
| As at 30 June 2017 | 2,164,314,190 | 216,431 |
| | | RMB'000 |
| Shown on the condensed consolidated statement of financial position | | |
| As at 31 December 2016 | | 209,034 |
| As at 30 June 2017 | | 209,132 |

For the six months ended 30 June 2017

21. Perpetual Securities

First USD Perpetual Securities

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

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

As the First USD Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group’s discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IAS 32 Financial Instruments: Presentation. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

Distribution of RMB154,323,000 for the interim period (for the six months ended 30 June 2016: RMB146,752,000) has been provided and paid by the Company.

Second USD Perpetual Securities

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

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

Distribution of RMB75,671,000 for the interim period (for the six months ended 30 June 2016: nil) has been provided and paid by the Company.

For the six months ended 30 June 2017

22. Fair Value Measurements of Financial Instruments

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

| Financial instrument | Fair value RMB'000 | Fair value hierarchy | Valuation technique and key inputs |
|--|---|----------------------|--|
| Listed available-for-sale investment | Assets: 520,749 (31 December 2016: Assets: 326,743) | Level 1 | Quoted bid prices in an active market. |
| Senior notes' early redemption options | Assets: 151,225 (31 December 2016: Assets: 156,700) | Level 2 | Black bond option pricing model: The strike price in the option is the pre-determined redemption price that must be paid to the senior notes holder when redemption. The underlying asset of the bond call option is the remaining cash flow of the senior notes, which is a forward bond with same remaining cash flow of the senior notes since redemption date. |

Fair Value of Financial Assets and Financial Liabilities That are Not Measured at Fair Value on a Recurring Basis (but Fair Value Disclosures are Required)

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

| | As at 30 June 2017 | | As at 31 December 2016 | |
|--------------------------------------|---|-------------------------|---|------------------------|
| | Carrying amount of liability component RMB'000 | Fair value RMB'000 | Carrying amount of liability component RMB'000 | Fair value RMB'000 |
| Financial liabilities | | | | |
| Senior notes (Level 2) | 4,813,782 | 5,180,988 ¹ | 4,896,445 | 5,343,861 ¹ |
| Corporate debt instruments (Level 2) | 14,377,741 | 14,655,945 ¹ | 6,916,290 | 7,091,200 ¹ |

¹ Based on quoted price

For the six months ended 30 June 2017

23. Share-Based Payment Transactions

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

| | Number of share options | Weighted average exercise price HKD |
|-------------------------------------|----------------------------|--|
| Outstanding as at 1 January 2017 | 54,971,500 | 9.84 |
| Exercised during the interim period | (1,119,000) | 2.89 |
| Forfeited during the interim period | 53,000 | 2.89 |
| Outstanding as at 30 June 2017 | 53,905,500 | 9.98 |

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

In respect of the share options exercised during the interim period, the weighted average share price at the dates of exercise was HKD8.12 (for the six months ended 30 June 2016: HKD6.32).

24. Acquisition of Subsidiaries

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

| Acquired company | Principal activities | Acquisition date | Equity interest acquired | Consideration RMB'000 |
|---|----------------------|------------------|--------------------------------|--------------------------|
| 山東藍城建設管理有限公司 Shandong Bluetown Construction Management Co., Ltd. ("Shandong Bluetown") (Note (i)) | Project management | 1 April 2017 | 31% | 2,000 |
| 新疆綠城維格投資管理有限公司 Xinjiang Greentown Weige Investment Management Co., Ltd. ("Xinjiang Greentown Weige") (Note (ii)) | Project management | 27 April 2017 | 11% | 550 |
| 新疆藍城房地產開發有限公司 Xinjiang Bluetown Real Estate Development Co., Ltd. ("Xinjiang Bluetown") (Note (iii)) | Project management | 30 June 2017 | 31% | 3,100 |

For the six months ended 30 June 2017

24. Acquisition of Subsidiaries (continued)

| Acquired company | Principal activities | Acquisition date | Equity interest acquired | Consideration RMB'000 |
|--|-------------------------|------------------|--------------------------|--------------------------|
| 浙江綠城利普建築設計有限公司 Zhejiang Greentown Lipu Construction Design Co., Ltd. ("Zhejiang Greentown Lipu") (Note (iv)) | Design and decoration | 26 June 2017 | 51% | – |
| 上海銘藝木業有限公司 Shanghai Mingyi Wood Co., Ltd. ("Shanghai Mingyi") (Note (v)) | Design and decoration | 18 April 2017 | 60% | 165 |
| 天津團泊湖裕泰置業有限公司 Tianjin Tuanbohu Yutai Real Estate Co., Ltd. ("Tianjin Tuanbohu Yutai") (Note (vi)) | Real estate development | 18 January 2017 | 100% | 421,287 |
| 寧波泰谷房地產開發有限公司 Ningbo Taigu Real Estate Development Co., Ltd. ("Ningbo Taigu") (Note (vii)) | Real estate development | 27 April 2017 | 100% | 32,502 |
| | | | | 459,604 |

Notes:

- (i) Hangzhou Bluetown Zhixin Construction Management Co., Ltd. ("Hangzhou Bluetown Zhixin"), a wholly-owned subsidiary of the Company, acquired additional 31% equity interest of Shandong Bluetown. The Group previously held 20% equity interest of Shandong Bluetown. The Group acquired Shandong Bluetown so as to continue the expansion of the Group's project management operation.
- (ii) Hangzhou Bluetown Zhixin, acquired additional 11% equity interest of Xinjiang Greentown Weige. The Group previously held 40% equity interest of Xinjiang Greentown Weige. The Group acquired Xinjiang Greentown Weige so as to continue the expansion of the Group's project management operation.
- (iii) Hangzhou Bluetown Zhixin, acquired additional 31% equity interest of Xinjiang Bluetown. The Group previously held 20% equity interest of Xinjiang Bluetown. The Group acquired Xinjiang Bluetown so as to continue the expansion of the Group's project management operation.
- (iv) Greentown Real Estate Construction Management Group Co., Ltd. ("Greentown Construction Management Group"), a wholly-owned subsidiary of the Company, obtained 51% equity interest of Zhejiang Greentown Lipu so as to continue the expansion of the Group's design and decoration operation.
- (v) Zhejiang Greentown Wood Development Co., Ltd., a wholly-owned subsidiary of the Company, acquired 60% equity interest of Shanghai Mingyi so as to continue the expansion of the Group's design and decoration operation.
- (vi) Tianjin Greentown Northern Real Estate Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% equity interest of Tianjin Tuanbohu Yutai so as to continue the expansion of the Group's property development operation.
- (vii) Hangzhou Greentown Zhizhen Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% equity interest of Ningbo Taigu so as to continue the expansion of the Group's property development operation.

For the six months ended 30 June 2017

24. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during the six months ended 30 June 2016 were as follows:

| Acquired company | Principal activities | Acquisition date | Equity interest acquired | Consideration RMB'000 |
|---|---------------------------|------------------|--------------------------|--------------------------|
| 浙江綠城元和房地產開發有限公司 Zhejiang Greentown Yuanhe Real Estate Development Co., Ltd. ("Zhejiang Yuanhe") (Note (i)) | Real estate development | 30 June 2016 | 38% | 61,768 |
| 安吉綠城元和農業發展有限公司 Anji Greentown Yuanhe Agriculture Development Co., Ltd. ("Anji Greentown Yuanhe") (Note (ii)) | Agriculture | 30 June 2016 | 38% | — |
| 杭州坤一景觀設計諮詢有限公司 Hangzhou Kunyi Garden Decoration & Consulting Co., Ltd. ("Hangzhou Kunyi") (Note (iii)) | Decoration and consulting | 24 May 2016 | 51% | — |
| 浙江綠城景道園林工程有限公司 (原名「浙江楓濱園林工程有限公司」) Zhejiang Greentown Landscape Garden Project Co., Ltd. ("Zhejiang Landscape") (the former name "Zhejiang Fengbang Garden Decoration Co., Ltd.") (Note (iii)) | Design and decoration | 24 May 2016 | 51% | 4,570 |
| | | | | 66,338 |

Notes:

- (i) Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate"), a wholly-owned subsidiary of the Company, acquired additional 38% equity interest of Zhejiang Yuanhe. The Group previously held 47% equity interest of Zhejiang Yuanhe. Anji Greentown Yuanhe is a wholly-owned subsidiary of Zhejiang Yuanhe, therefore was also acquired by the Group. The Group Zhejiang Yuanhe so as to continue the expansion of the Group's property development operation.
- (ii) Greentown Construction Management Group obtained 51% equity interest of Hangzhou Kunyi. The Group acquired Hangzhou Kunyi so as to continue the expansion of the Group's design and decoration operation.
- (iii) Greentown Construction Management Group acquired 51% equity interest of Zhejiang Landscape. The Group acquired Zhejiang Landscape so as to continue the expansion of the Group's design and decoration operation.

For the six months ended 30 June 2017

24. Acquisition of Subsidiaries (continued)

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

| | Six months ended 30 June | |
|--|---------------------------------|-----------------|
| | 2017 RMB'000 | 2016 RMB'000 |
| Net assets acquired: | | |
| Property, plant and equipment | 10,068 | 6,781 |
| Deferred tax assets | 244 | 14,375 |
| Properties held for development | 1,147,285 | – |
| Properties under development | 617,706 | 742,368 |
| Completed properties for sale | 325,370 | 162,253 |
| Inventories | 2,324 | 4,163 |
| Trade and other receivables, deposits and prepayments | 53,543 | 34,351 |
| Amounts due from related parties | 1,746 | 6,360 |
| Prepaid income taxes | 94,200 | 13,608 |
| Prepaid other taxes | – | 140 |
| Bank balances and cash | 655,854 | 7,435 |
| Trade and other payables | (1,800,434) | (216,132) |
| Pre-sale deposits | (136,425) | (87,498) |
| Deferred tax liabilities | (141,022) | – |
| Amounts due to related parties | (4,305) | (293,339) |
| Income taxes payable | (3,469) | – |
| Other taxes payable | (3,013) | – |
| Bank and other borrowings | (320,000) | (220,000) |
| | 499,672 | 174,865 |
| Non-controlling interests | (25,848) | (31,977) |
| | 473,824 | 142,888 |
| Less: | | |
| Transferred from interests previously held and classified as associates | (4,868) | (40,622) |
| Gain on re-measurement of associates to acquisition date fair value in business combination achieved in stages | (421) | (35,775) |
| Gain on acquisition of subsidiaries | (8,931) | (153) |
| | 459,604 | 66,338 |
| Total consideration, satisfied by: | | |
| Cash | 459,604 | 66,338 |
| Net cash inflow (outflow) arising on acquisition: | | |
| Cash paid | (178,520) | (51,790) |
| Bank balances and cash acquired | 655,854 | 7,435 |
| | 477,334 | (44,355) |

For the six months ended 30 June 2017

24. Acquisition of Subsidiaries (continued)

The acquisition of the subsidiaries has been accounted for using the acquisition method. The effect of the acquisitions was presented together as the assets and liabilities acquired from Shandong Bluetown, Xinjiang Greentown Weige, Xinjiang Bluetown, Zhejiang Greentown Lipu and Shanghai Mingyi were not material in comparison to the assets and liabilities acquired from Tianjin Tuanbohu Yutai and Ningbo Taigu.

The receivables acquired (which principally comprised trade and other receivables, deposits and prepayments, amounts due from related parties) with a fair value of RMB55,289,000 at the date of acquisition had gross contractual amounts of RMB55,289,000, which were expected to be fully collected.

The non-controlling interest recognised at the acquisition date was measured by reference to the proportionate share of the recognised amounts of net assets of subsidiaries and amounted to RMB25,848,000.

The subsidiaries contributed RMB22,811,000 in revenue to the Group between the date of acquisition and the end of the period.

The losses attributable to the subsidiaries amounted to RMB3,935,000 has been recognised in the Group's profit for the interim period between the date of acquisition and the end of the period. The profits attributable to the subsidiaries amounted to RMB1,143,000 has been recognised in the Group's profit for the interim period between the date of acquisition and the end of the period.

Had the acquisition of these subsidiaries been effected at 1 January 2017, the total amount of revenue of the Group for the interim period would have been RMB10,469,137,000, and the amount of the profit for the interim period would have been RMB1,272,673,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the period, nor is it intended to be a projection of future results.

25. Disposal of Subsidiaries

In April 2017, the Group disposed of its entire 75% equity interest in Xinjiang Greentown Property Investment Co., Ltd. to an independent third party for a cash consideration of approximately RMB21,571,000.

In May 2017, the Group disposed of its entire 100% equity interest in Beijing Greentown Yinshi Real Estate Co., Ltd. to an independent third party for a consideration of approximately RMB1,344,311,000.

In May 2017, the Group disposed of its entire 100% equity interest in Hangzhou Litao to an independent third party for a consideration of approximately RMB1,409,392,000.

For the six months ended 30 June 2017

25. Disposal of Subsidiaries (continued)

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

| | Six months ended 30 June 2017 RMB'000 |
|---|--|
| Net assets disposed of: | |
| Property, plant and equipment | 4,220 |
| Investment properties | 1,950,000 |
| Properties for development | 999,286 |
| Properties under development | 231,466 |
| Inventories | 579 |
| Trade and other receivables, deposits and prepayments | 63,914 |
| Amounts due from related parties | 2,892 |
| Prepaid income taxes | 2,443 |
| Prepaid other taxes | 5,839 |
| Bank balances and cash | 62,293 |
| Pre-sale deposits | (109,345) |
| Deferred tax liability | (194,536) |
| Trade and other payables | (35,479) |
| Amounts due to related parties | (1,274,574) |
| Other taxes payables | (784) |
| Bank and other borrowings | (549,234) |
| | 1,158,980 |
| Net gain on disposal of subsidiaries | 1,625,655 |
| Non-controlling interests | (9,361) |
| | 2,775,274 |
| Total consideration, satisfied by: | |
| Cash | 2,775,274 |
| Net cash inflow arising on disposal: | |
| Cash received | 183,118 |
| Bank balances and cash disposed of | (62,293) |
| | 120,825 |

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26. Commitments

| | As at 30 June 2017 RMB'000 | As at 31 December 2016 RMB'000 |
|---|---|---|
| Commitments contracted for but not provided in the condensed consolidated financial statements in respect of: Properties for development and properties under development and construction in progress | 17,112,955 | 10,999,569 |

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

| | As at 30 June 2017 RMB'000 | As at 31 December 2016 RMB'000 |
|---|---|---|
| Contracted for but not provided in respect of properties for development and properties under development | 3,050,158 | 2,950,800 |

27. Pledge of Assets

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

| | As at 30 June 2017 RMB'000 | As at 31 December 2016 RMB'000 |
|-------------------------------|---|---|
| Land and buildings | 5,181 | 5,666 |
| Hotel buildings | 2,980,467 | 4,853,200 |
| Construction in progress | 79,162 | 71,155 |
| Prepaid lease payment | 234,721 | 236,254 |
| Properties for development | 6,663,851 | 6,003,620 |
| Properties under development | 21,339,684 | 20,956,019 |
| Completed properties for sale | 236,818 | 720,504 |
| Investment properties | 940,000 | 1,950,000 |
| Pledged bank deposits | 4,887,568 | 2,292,743 |
| Interests in associates | – | 313,989 |
| Interests in joint ventures | 292,622 | 294,596 |
| | 37,660,074 | 37,697,746 |

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28. Contingent Liabilities

Guarantees

The Group provided guarantees of RMB29,182,244,000 as at 30 June 2017 (as at 31 December 2016: RMB27,360,912,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

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

| | As at 30 June 2017 RMB'000 | As at 31 December 2016 RMB'000 |
|--|---|---|
| <i>Credit guarantees provided to:</i> | | |
| Associates | 8,484,235 | 5,569,483 |
| Joint ventures | 6,775,235 | 7,414,923 |
| Independent third parties | 8,000 | 24,000 |
| | 15,267,470 | 13,008,406 |
| <i>Mortgage and charge guarantees provided to:</i> | | |
| Associates | – | 313,989 |
| Total | 15,267,470 | 13,322,395 |

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

| | As at 30 June 2017 RMB'000 | As at 31 December 2016 RMB'000 |
|--|---|---|
| Share of mortgage loan guarantees provided by associates to banks in favour of its customers | 6,355,956 | 5,889,930 |

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28. Contingent Liabilities (continued)

Guarantees (continued)

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

| | As at 30 June 2017 RMB'000 | As at 31 December 2016 RMB'000 |
|--|---|---|
| Share of mortgage loan guarantees provided by joint ventures to banks in favour of its customers | 5,255,742 | 5,176,467 |

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

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29. Related Party Disclosures

- (i) **During the six months ended 30 June 2017, in addition to those disclosed in other notes to the condensed consolidated financial statements, the Group had the following significant transactions with related parties:**

| | Six months ended 30 June | |
|--|--------------------------|-----------------|
| | 2017 RMB'000 | 2016 RMB'000 |
| Sales of materials to associates (Note) | 573 | 13 |
| Construction service income from joint ventures and associates (Note) | – | 1,787 |
| Rental expenses paid/payable to Shareholders' companies | 8,916 | 11,384 |
| Purchases from associates (Note) | 832 | 89 |
| Property management fees paid/payable to Shareholders' companies | 39,448 | 39,694 |
| Interest income arising from amounts due from: | | |
| – associates (Note) | 127,403 | 191,935 |
| – joint ventures (Note) | 33,603 | 183,222 |
| – other related parties | 9,227 | – |
| Interest expense arising from amounts due to: | | |
| – associates (Note) | 88,994 | 11,742 |
| – joint ventures (Note) | 66,433 | 9,448 |
| – non-controlling shareholders | 81,948 | 68,097 |
| – Shareholders' companies | 17,254 | 23,115 |
| Rental income from Shareholders' companies | 228 | 617 |
| Advertising expenses paid/payable to Shareholders' companies | 35,000 | 35,000 |
| Interior decoration service fees paid to associates (Note) | – | 6,181 |
| Interior decoration service income from joint ventures and associates (Note) | 260,211 | 232,357 |
| Interior decoration service income from Shareholders' companies | 1,504 | 6 |
| Hotel management fees paid/payable to Shareholders' companies | – | 62 |
| Hotel service income from joint ventures and associates (Note) | 275 | 484 |
| Healthcare service fees to Shareholders' companies | 840 | 444 |
| Brand usage fees from associates (Note) | 8,956 | 8,122 |
| Brand usage fees from joint ventures (Note) | – | 659 |
| Landscape construction fees to associates (Note) | 18,181 | 21,402 |
| Landscape construction fees to Shareholders' companies | – | 616 |
| Construction design fees paid to non-controlling shareholders | 3,921 | – |

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

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

Mr SONG Weiping, Mr SHOU Bainian, Ms XIA Yibo are each referred to as a "Shareholder" and collectively as the "Shareholders", of the Company. "Shareholders' companies" represent companies owned by the Shareholders and their respective affiliates.

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29. Related Party Disclosures (continued)

- (ii) **During the six months ended 30 June 2017, in addition to those disclosed in note 24, the Group made the following acquisition from related parties:**

| | Six months ended 30 June | |
|--|--------------------------|-----------------|
| | 2017 RMB'000 | 2016 RMB'000 |
| Purchase of additional interests in subsidiaries from non-controlling shareholders | 26,000 | – |

- (iii) **Compensation of key management personnel**

The remuneration of directors and other members of key management during the six months ended 30 June 2017 was as follows:

| | Six months ended 30 June | |
|--------------------------|--------------------------|-----------------|
| | 2017 RMB'000 | 2016 RMB'000 |
| Short-term benefits | 10,398 | 11,070 |
| Post-employment benefits | 127 | 138 |
| | 10,525 | 11,208 |

30. Events After the end of the Reporting Period

On 19 July 2017, Wisdom Glory Group Limited, a wholly owned subsidiary of the Company, has issued the Senior Perpetual Capital Securities at an initial distribution rate of 5.25% per annum and in the aggregate principal amount of USD450,000,000, which was guaranteed by the Company.

Definition

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

| | |
|---------------------------------------|--|
| 2006 Share Option Scheme | The share option scheme adopted by a resolution of the shareholders of the Company on 22 June 2006 |
| Bluetown | Bluetown Property Construction Management Group Co., Ltd.* (藍城房產建設管理集團有限公司), formerly known as Greentown Property Construction Management Co., Ltd. (綠城房產建設管理有限公司), a former subsidiary of the Company |
| Board | The Board of Directors of the Company |
| CCCC | China Communications Construction Company Limited, a joint stock limited company incorporated in the PRC with limited liability, whose H shares and A shares are listed on the Stock Exchange and the Shanghai Stock Exchange respectively |
| CCCG | China Communications Construction Group (Limited) (中國交通建設集團有限公司), a wholly state-owned company established in the PRC and a substantial Shareholder of the Company |
| Company/Greentown/ Greentown China | Greentown China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange |
| Directors | The directors of the Company |
| GFA | Gross floor area |
| Greentown Asset Management | Greentown Asset Management Group Co., Ltd.* (綠城資產管理集團有限公司), a company established in the PRC and a wholly owned subsidiary of the Company |
| Greentown Group | Greentown China Holdings Limited and its subsidiaries together with its joint ventures and associates |
| Greentown Ideal Life | Greentown Ideal Life Technology Co., Ltd.* (綠城理想生活科技有限公司), a company established in the PRC and a wholly owned subsidiary of the Company |
| Greentown Real Estate | Greentown Real Estate Group Co., Ltd.* (綠城房地產集團有限公司), a company established in the PRC and a wholly owned subsidiary of the Company |
| Greentown Project Management | Greentown Real Estate Project Management Group Co., Ltd.* (綠城房地產建設管理集團有限公司), a company established in the PRC and a wholly owned subsidiary of the Company |
| Greentown Town Development | Greentown Ideal Town Construction Group Co., Ltd.* (綠城理想小鎮建設集團有限公司), a company established in the PRC and a wholly owned subsidiary of the Company |
| Group | Greentown China Holdings Limited and its subsidiaries |
| Listing Rules | The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |

Definition

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|-------------------------|--|
| Model Code | Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules |
| Period/Reporting Period | The six months ended 30 June 2017 |
| PRC/China | The People's Republic of China |
| SFO | Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong |
| Share Option Scheme | The share option scheme adopted by a resolution of the shareholders of the Company on 17 June 2016 |
| Shares | The shares of the Company |
| sqm | Square metres |
| Stock Exchange/HKEx | The Stock Exchange of Hong Kong Limited |
| Wharf | The Wharf (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00004) |

* For identification purposes only

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