

中期報告

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REPORT

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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)



Nanjing Yunqi Rose Garden

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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 PROPERTIES, ITS UNIQUE ARCHITECTURAL AESTHETICS AND CUSTOMER CENTRIC SERVICES, AND IS COMMITTED TO BEING THE “NO. 1 INTEGRATED SERVICE PROVIDER FOR AN IDEAL LIFE IN CHINA”. THE COMPANY WAS AWARDED THE “TOP 10 AMONG 100 CHINESE REAL ESTATE ENTERPRISES BY COMPREHENSIVE STRENGTH” FOR THE 15TH CONSECUTIVE YEAR BY THE CHINA REAL ESTATE TOP 10 RESEARCH TEAM, AND WAS AGAIN NAMED THE “TOP 10 CHINESE REAL ESTATE COMPANIES BY BRAND VALUE (MIXED OWNERSHIP)” FOR THE 16TH CONSECUTIVE YEAR WITH A BRAND VALUE OF RMB52.1 BILLION. MEANWHILE, GREENTOWN WAS AWARDED THE “CHINESE LEADING REAL ESTATE COMPANIES BY CUSTOMER SATISFACTION” FOR THE 8TH CONSECUTIVE YEAR FOR ITS QUALITY PRODUCTS AND SERVICES.

Greentown China Holdings Limited maintains a leading position in the industry with high construction quality and excellent living services. Over 25 years of development, the Company has over 300 member companies and its scope of business covers more than 20 provinces, autonomous regions and direct-controlled municipalities. It has established a presence in over 100 cities, having constructed more than 600 exquisite property communities.

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 had been redeemed in full in February 2014). As at the date of this report, Wharf (through its wholly-owned subsidiary) held approximately 24.9% of the total issued share capital of the Company.

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

Being a professional developer of premium properties in the PRC, Greentown Group has always insisted on innovation and continued to explore the relationship between human and dwellings with excellent accomplishment in the low-rise, multi-storey and high-rise residential properties. Based on the construction of beautiful architecture, Greentown Group is committed to building a better life for more people. Its layout will focus on the first- and second-tier cities as well as quality third- and fourth-tier cities, emphasising the creation of unique projects like featured towns, sports projects and TOD projects. As at 30 June 2019, the premium land bank of Greentown Group comprised a total GFA of over 34.12 million sqm, safeguarding the sustainable and steady development of the Company in the future. With its quality human resources and highly effective management structure, Greentown has established an outstanding brand image in all cities where it operates. Greentown's experience in developing numerous high-quality projects and outstanding operational capabilities accumulated so far have provided strong momentum for its further expansion.

Since September 2010, Greentown Group has commenced the project management business. In September 2015, the Company acquired Greentown Dingyi Real Estate Investment Management Company Limited and Greentown Shidai City Construction & Development Company Limited, and established Greentown Project Management Group. In June 2016, the Company undertook a restructuring of Bluetown Property Construction Management Group Co., Ltd. ("Bluetown"), involving, among other matters, the integration of the project management business of Bluetown with the Greentown Project Management Group. As a result, the new Greentown Project Management Group has further expanded its scale. The Company has already undertaken an orderly integration of businesses, management teams and governing systems and led the industry with a complete and standardised system of "Project Management 4.0", bringing in an increasingly sophisticated asset-light operation model and fast-growing business.

With the full support of CCCG, a state-owned enterprise, and Wharf, a Hong Kong blue-chip enterprise, together with our founder Mr. SONG Weiping, a renowned entrepreneur in China's real estate industry, and other substantial shareholders, Greentown will adhere to the innovation and practice of mixed ownership enterprise and deem "quality first while taking into account others" as the development principle, so as to build the brand of "No. 1 integrated service provider for an ideal life in China".

# Corporate Information

## Board of Directors

### Executive Directors

Mr SONG Weiping  
(Resigned on 11 July 2019)

Mr ZHANG Yadong  
(Appointed as Chairman of the Board  
on 11 July 2019)

Mr LIU Wensheng

Mr LI Qingan  
(Resigned on 11 July 2019)

Mr LI Yongqian  
(Resigned on 11 July 2019)

Mr ZHOU Lianying  
(Appointed on 11 July 2019)

Mr GUO Jiafeng  
(Appointed on 11 July 2019)

Mr GENG Zhongqiang  
(Appointed on 11 July 2019)

Mr LI Jun

### Non-Executive Director

Mr Stephen Tin Hoi NG  
(Appointed on 11 July 2019)  
(Mr Andrew On Kiu CHOW as his alternate)

### 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 ZHANG Yadong

Mr LIU Wensheng

Mr JIA Shenghua

Mr KE Huanzhang

Mr HUI Wan Fai

### Remuneration Committee

Mr JIA Shenghua (Chairman)

Mr ZHANG Yadong

Mr LIU Wensheng

Mr KE Huanzhang

Mr SZE Tsai Ping, Michael

Mr HUI Wan Fai

Changsha Bamboo Garden  
Yunqi Arcadia

### Registered Office

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

### Share Registrar in Hong Kong

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

### Share Registrar in Cayman Islands

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

### Auditor

Deloitte Touche Tohmatsu

### Legal Advisors

As to Hong Kong law:  
Allen & Overy

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

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

### Company Secretary

Mr FUNG Ching, Simon

### Authorized Representatives

Mr ZHANG Yadong  
Mr FUNG Ching, Simon

### Principal Bankers

Bank of China Limited  
Industrial and Commercial Bank of China  
Limited

Agricultural Bank of China Ltd.  
China Construction Bank Corp.  
The Hong Kong And Shanghai Banking  
Corp. Ltd.

Standard Chartered Bank (Hong Kong) Limited  
Bank of Communications Co., Ltd.  
The Bank of East Asia, Limited  
Ping An Bank Co., Ltd.  
China Everbright Bank Corp., Ltd.  
Shanghai Pudong Development Bank  
Co., Ltd.

### Hangzhou Headquarters

10/F, Block A, Dragon Century Plaza  
No.1 Hangda Road  
Hangzhou, Zhejiang  
PRC  
(Postal code: 310007)

### Principal Place of Business in Hong Kong

Room 1406–1408, 14/F  
New World Tower 1  
16-18 Queen's Road Central  
Central, Hong Kong

### Investor Relations

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### Public Relations

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### Stock Code

HKEx: 03900

### Websites

[www.chinagreentown.com](http://www.chinagreentown.com)  
[www.greentownchina.com](http://www.greentownchina.com)

# Land Bank Information

## GREENTOWN IN CHINA

Total GFA Exceeds  
34.12 Million sqm

Region	No. of Projects	Percentage of GFA (%)
Hangzhou	25	12.7%
Zhejiang (excluding Hangzhou)	35	27%
Jiangsu-Shanghai Area	14	7.7%
The Bohai Rim Area	23	21%
The Pearl River Delta Area	4	2.6%
Chengdu-Chongqing Area	5	3.6%
Other Areas in China	16	22.9%
Overseas	3	2.5%
<b>Total</b>	<b>125</b>	<b>100%</b>



Urumqi



Daqing



Shenyang



Beijing



Tianjin



Tangshan



Dalian



Jinan



Qingdao



Xi'an



Zhengzhou



Nanjing



Nantong



Hefei



Wuxi



Shanghai



Suzhou



Chengdu

Wuhan



Chongqing



Huangshi



Changsha



Zhejiang



Fuzhou



Guangzhou



Foshan



Lingshui, Hainan

## OVERSEAS

Seattle, USA

Coquitlam, Canada

Jakarta, Indonesia

### The Yangtze River Delta Area

<p>Zhejiang (excluding Hangzhou)</p> <p><b>9,210,559</b></p> <p>Total GFA (sqm)</p> <p>27%</p> <p>Proportion to total land bank (%)</p>	<p>Hangzhou</p> <p><b>4,347,683</b></p> <p>Total GFA (sqm)</p> <p>12.7%</p> <p>Proportion to total land bank (%)</p>	<p>Jiangsu</p> <p><b>2,108,147</b></p> <p>Total GFA (sqm)</p> <p>6.2%</p> <p>Proportion to total land bank (%)</p>	<p>Shanghai</p> <p><b>511,457</b></p> <p>Total GFA (sqm)</p> <p>1.5%</p> <p>Proportion to total land bank (%)</p>
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### The Bohai Rim Area

<p>Shandong</p> <p><b>3,236,014</b></p> <p>Total GFA (sqm)</p> <p>9.5%</p> <p>Proportion to total land bank (%)</p>	<p>Beijing</p> <p><b>1,355,277</b></p> <p>Total GFA (sqm)</p> <p>4%</p> <p>Proportion to total land bank (%)</p>	<p>Tianjin</p> <p><b>1,308,038</b></p> <p>Total GFA (sqm)</p> <p>3.8%</p> <p>Proportion to total land bank (%)</p>	<p>Hebei</p> <p><b>888,122</b></p> <p>Total GFA (sqm)</p> <p>2.6%</p> <p>Proportion to total land bank (%)</p>	<p>Liaoning</p> <p><b>363,026</b></p> <p>Total GFA (sqm)</p> <p>1.1%</p> <p>Proportion to total land bank (%)</p>
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### The Pearl River Delta Area

<p>Guangdong</p> <p><b>898,586</b></p> <p>Total GFA (sqm)</p> <p>2.6%</p> <p>Proportion to total land bank (%)</p>
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### Chengdu-Chongqing Area

<p>Chongqing</p> <p><b>656,886</b></p> <p>Total GFA (sqm)</p> <p>1.9%</p> <p>Proportion to total land bank (%)</p>
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### Overseas

<p>Overseas</p> <p><b>835,746</b></p> <p>Total GFA (sqm)</p> <p>2.5%</p> <p>Proportion to total land bank (%)</p>
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### Other Areas in China

<p>Shaanxi</p> <p><b>3,441,301</b></p> <p>Total GFA (sqm)</p> <p>10%</p> <p>Proportion to total land bank (%)</p>	<p>Hainan</p> <p><b>1,021,760</b></p> <p>Total GFA (sqm)</p> <p>3%</p> <p>Proportion to total land bank (%)</p>	<p>Anhui</p> <p><b>742,384</b></p> <p>Total GFA (sqm)</p> <p>2.2%</p> <p>Proportion to total land bank (%)</p>	<p>Henan</p> <p><b>669,617</b></p> <p>Total GFA (sqm)</p> <p>2%</p> <p>Proportion to total land bank (%)</p>	<p>Hubei</p> <p><b>668,294</b></p> <p>Total GFA (sqm)</p> <p>1.9%</p> <p>Proportion to total land bank (%)</p>
<p>Heilongjiang</p> <p><b>446,291</b></p> <p>Total GFA (sqm)</p> <p>1.3%</p> <p>Proportion to total land bank (%)</p>	<p>Fujian</p> <p><b>420,509</b></p> <p>Total GFA (sqm)</p> <p>1.2%</p> <p>Proportion to total land bank (%)</p>	<p>Hunan</p> <p><b>230,856</b></p> <p>Total GFA (sqm)</p> <p>0.7%</p> <p>Proportion to total land bank (%)</p>	<p>Xinjiang</p> <p><b>192,900</b></p> <p>Total GFA (sqm)</p> <p>0.6%</p> <p>Proportion to total land bank (%)</p>	

Note: The figures of total GFA and site area are subject to adjustments due to planning changes. The relevant figures will only be finalized after project completion.

Yiwu Peach Garden



# Management Discussion and Analysis

## Operational Review

During the first half of 2019, “steadiness” remained to be the first priority of the real estate market regulation with the implementation of stringent regulation and control policies for hot spot cities. The blazing sales of real estate have been cooled down, and the cumulative growth of both saleable area and sales amount eased. The industry showed the trends of tightening policies, structural differentiation and intensifying competition. In terms of capital, in order to prevent risks from financial market and maintain continuous and steady economic development, during the first half of the year, the real estate market has witnessed tightening financing channels, decrease of mortgage interest rate and the increasingly intense environment for fund-raising in the industry, and thus sales return has become the most important source of cash for real estate enterprises. In terms of the land market, under the strict financial supervision by the central government, the overall land transaction volume declined in the first half of 2019.

Facing the current overall environment, the Group adheres to a distinctive, sustainable and quality development model with the strategic vision of “integrated service provider for an ideal life” and holds “quality first while taking into account others” as its development principle to continuously enhance the core competitiveness of Greentown China. With strategic consistency, adequate preparation for the external market environment and the support of shareholders and relentless efforts of all employees, the operation efficiency and financial position of the Company during the first half of 2019 has steadily improved.

## Results Overview

The Group generated revenue of RMB18,658 million for the Period, representing a decrease of 44.4% from RMB33,534 million in the corresponding period of 2018. The Group recorded a gross profit margin of 32.0% for the Period, representing a significant growth from 18.1% in the corresponding period of 2018. Net profit margin for the Period was 16.5%, which represented a significant increase from 9.3% in the corresponding period in 2018. Profit attributable to owners of the Group amounted to RMB2,058 million for the Period, representing a decrease of 11.9% from RMB2,335 million in the corresponding period in 2018, mainly due to (i) the profit attributable to owners from the disposal of subsidiaries by the Group decreased by RMB358 million as compared with the corresponding period in 2018; (ii) compared with the corresponding period in 2018, the Period saw a decline of RMB547 million in the Group’s gains from re-measurement of the fair value of associates and joint ventures as of the acquisition date upon business integration in stages.

After deducting the net post-tax effects of foreign exchange gains and losses, gains from acquisitions, provision and reversal of impairment losses on certain assets and fair value adjustments on certain assets, the core profit attributable to owners of the Group for the Period amounted to RMB2,430 million, representing a decrease of 22.9% from RMB3,150 million in the corresponding period of 2018, which was mainly due to the decline in revenue generated for the Period. Core profit attributable to owners generated by the Group accounted for 13.0% of revenue for the Period, which was a remarkable rise from 9.4% in the corresponding period of 2018.

Basic earnings per share amounted to RMB0.67 for the Period, representing a decrease of 28.7% from RMB0.94 per share for the corresponding period in 2018.

## Presales

For the six months ended 30 June 2019, 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 4.03 million sqm, and a total contracted sales amount of approximately RMB74.3 billion.

In particular, Greentown Group recorded a total contracted sales area of approximately 1.97 million sqm and a total contracted sales amount of approximately RMB49.4 billion from its investment projects, of which approximately RMB26.7 billion was attributable to the Group, for the first half of 2019. As at 30 June 2019, the Group recorded a total subscription sales amount of approximately RMB1.5 billion from its investment projects, of which approximately RMB0.9 billion was attributable to the Group. The average selling price of investment projects reached approximately RMB25,031 per sqm (for the corresponding period of last year: RMB24,637 per sqm), remaining at a leading position in the industry. In addition, in the first half of 2019, Greentown Group recorded a total contracted sales area of approximately 2.06 million sqm and a total contracted sales amount of approximately RMB24.9 billion from the projects under project management business where Greentown Group delivered brand value and management expertise (non-investment projects, referred to as “projects under project management”).

In the first half of 2019, the Group’s sales volume remained stable with overall sell-through rate of 61%. The sell-through rate of newly launched projects reached 77%, and the cash collection ratio amounted to 88%, resulting in an accelerated cash inflow.

### Land Bank

In the first half of 2019, the Group acquired a total of 19 new land parcels. The projects covered a total gross floor area (GFA) of approximately 3.22 million sqm. Transaction amount totaled approximately RMB25.2 billion, of which approximately RMB18.1 billion shall be paid by the Group. It is estimated that the total saleable amount will be approximately RMB62.6 billion, of which approximately RMB36.7 billion will be attributable to the Group. The average land cost of the new land parcels amounted to approximately RMB12,837 per sqm.

In respect of geographical distribution, most of these newly-added land parcels during the Period are mainly situated in first- and second-tier core cities such as Hangzhou, Ningbo, Hefei, Zhengzhou and Xi'an, the saleable amount of which accounts for approximately 88%. Meanwhile, as an area of strategic importance, the Yangtze River Delta accounts for 66.3% of the saleable value, which will help consolidate the performance and the status in the base camp and enhance its risk resistance capacity in the future.

**Table of Newly-added Land Bank in the First Half of 2019**

No.	Land/Project Name	Acquired by	Equity	Total Land Cost/ Acquisition Cost (RMB million)	Paid by Greentown (RMB million)	GFA (sqm)
1	Hangzhou Xiaoshan Shibe Xingyi Project	Auction	100%	1,970	1,970	116,234
2	Hangzhou Sanliting Project	Auction	51%	1,917	978	98,868
3	Hangzhou Jianqiao Project	Auction	50%	3,535	1,767	193,072
4	Hangzhou Arcadia Town Tianze Garden Block	Auction	100%	965	965	115,373
5	Hangzhou Longwu Tea Village	Auction	51%	261	133	34,271
6	Ningbo Mingyue Jiangnan	Auction	100%	2,691	2,691	214,115
7	Ningbo Phoenix Mansion	Auction	31.9%	2,340	746	171,867
8	Ningbo Jiangbei Shuangdong Road Project	Auction	51%	55	28	14,373
9	Anji Peach Garden Yizhuyuan Phase II Block	Auction	85%	54	46	8,858
10	Yiwu Orchid Residence	Auction	41.3%	1,929	797	187,516
11	Taizhou Tiantaishan Lotus Town Phase VI Block	Auction	100%	28	28	21,186
12	Taizhou Wenling Qiujiann Project	Acquisition	33%	401	401	150,051
13	Suzhou Block G2	Acquisition	35%	1,140	1,140	222,176
14	Wuxi Harvester Factory Block	Auction	100%	1,866	1,866	203,282
15	Dalian Jinshitan Port Wine Town Project	Acquisition	60%	310	310	154,715
16	Zhengzhou Mingyue Binhe	Auction	40.6%	1,423	578	215,377
17	Xi'an Guiyu Lanting	Acquisition	30.2%	442	442	746,619
18	Hefei Block BH-05	Auction	83.3%	3,491	2,908	313,799
19	The USA Seattle Project	Acquisition	70%	333	333	38,171
Total				25,151	18,127	3,219,923

As at 30 June 2019, Greentown Group had a total of 125 land reserve projects (including projects under and pending construction) with a total GFA of approximately 34.12 million sqm and an attributable GFA of approximately 20.41 million sqm; total saleable area amounted to approximately 23.49 million sqm, of which approximately 13.95 million sqm was attributable to the Group. The average GFA land cost was approximately RMB6,259 per sqm. Land reserves in first- and second-tier cities accounted for 72% of the total saleable value.

**Sound Operation and Healthy Financial Condition**

**Maintained sound and improved operation.** The overall operation of the Company remained healthy during the first half of the year. As at 30 June 2019, the net gearing ratio of the Group was 58.6% and the bank deposits and cash (including pledged bank deposits) amounted to RMB48,232 million, which was 2.69 times the balance of borrowings due within one year and sufficient to cover the debts when they fall due and safeguard the sound operation of the Company. The weighted average interest cost of the total borrowings for the first half of 2019 was 5.4%, which stayed on a par with that in 2018 and is at a healthier level than its peers.

**Smooth financing channels.** For the first half of 2019, the Group proactively studied the market environment and stepped up its effort in innovation by taking advantage of the policies to explore new financing channels, and continuously deepened its strategic cooperation with various financial institutions so as to optimize its financing structure, control the comprehensive financing costs and maintain sufficient funding.

For offshore financing, the Company captured the opportunity in January 2019 by issuing two tranches of three-year USD senior perpetual notes to the public efficiently in merely two weeks, namely the three-year USD400 million non-callable senior perpetual notes issued on 25 January at an initial distribution rate of 8.125% and the three-year USD100 million non-callable senior perpetual notes issued on 29 January at an initial distribution rate of 7.75%. Both tranches of perpetual notes met enthusiastic response from the market and investors during the bookbuilding period, hence the issue cost decreased gradually, which fully evidenced investors' confidence towards the overall development strategies and the sound operation of the Company in the long run, and further demonstrated the robust financing capabilities of Greentown in the overseas capital market.

For onshore financing, the Group made issuances including corporate bonds and perpetual medium-term notes in an aggregate amount of RMB10.645 billion with combined cost of 4.87% in the first half of the year, reflecting barrier-free channels, controllable costs and reasonable structure. Of which, the Group issued corporate bonds in an aggregate principal amount of RMB500 million with an interest rate of 3.98% per annum and issued perpetual medium-term notes of RMB4.6 billion with interest rates ranging from 5.59% to 5.6% per annum. Meanwhile, the Group actively explored new financing channels, liquidated inventory assets and innovatively promoted assets-holding financing and securitisation. During the first half of the year, the Group has successfully issued the hotel CMBS in the amount of RMB1.592 billion with an interest rate of 5.14% per annum, and successfully issued the supply chain ABS in the amount of RMB3.953 billion with interest rates ranging from 3.95% to 4.07% per annum.

Ningbo Xiangshan  
Baishawan Rose Garden

### **Reformed System and Optimized Mechanism**

**The reform of mixed ownership has deepened.** The Group further improved its corporate governance structure by establishing a clear structure of “Shareholder’s Meeting – Board of Directors – the Management”. Meanwhile, the chairman of the Board has the endorsement of and is in representation of the interests of the shareholders as a whole, further reflecting the fundamental attributes of a listed company.

**Further refined organizational structure.** In January 2019, the Group optimized the corporate structure by integrating the business units from 16 to 11, continuously optimizing and upgrading the management and control model. The Group simultaneously promoted the management system of 25 project groups to further facilitate business integration, thus the per capita efficiency improved by 11.5% and the control over staff and expenses (“double control”) achieved significant progress during the first half of 2019. In the meantime, in addition to the original seven functional divisions at the Group level, four divisions, namely featured

real estate, town development, finance and commerce management divisions were newly established to coordinate resources at all levels and enhance operation efficiency. On this basis, the Group proactively built a greater operation coordination mechanism to facilitate the internal breakthrough of featured businesses like town development and TOD projects among regional companies for integrating development across all business segments.

### **Set up a win-win incentive scheme.**

The Group’s first incentive mechanism “Greentown China Win-win Mechanism” with the full coverage of short, medium and long terms has been officially implemented since 1 January 2019. This incentive mechanism is mainly based on win-win cooperation between employees and the Company. In addition to the existing remuneration system, medium and long-term incentive measures such as project co-investment and share award have been introduced to promote the sharing of risks, benefits and growth among shareholders, the Company and employees.

As at the date hereof, 103 projects have been covered under the project co-investment scheme, which has effectively stimulated the ownership awareness of the management and employees, and gradually promoted the sharing of business performance and personal interests, thus the overall operational efficiency has been continuously improved. At the same time, the Company actively implemented the share incentive measures. As at 30 June 2019, the Company has purchased 7,414,000 shares from the market under the scheme, under which 70 core management members have been granted in accordance with the scheme.

### **Improved the comprehensive inspection mechanism.**

In order to effectively enhance the awareness of responsibility at each level and uplift the systematic management and control standard, the Group conducted a comprehensive spring inspection in the first half of the year, during which the Group made systematic inspection on subsidiaries and more than 30 key projects or that with development difficulties, as well as in-depth analysis on issues regarding internal system, mechanism and team building. On this basis, the Group pushed forward a total of 40 measures for comprehensive reformation, transformation and improvement to lay a solid foundation for subsequent quality development.

**Featured Businesses Becoming Development Driver**

**Led the project management industry.** The Group is currently the largest and most professional project management service provider in China, and a trusted brand of customers and government clients. With first-class construction capabilities, high-quality products and standardized operation, the scale of the project management business continued to expand, with 59 new projects in the first half of 2019. As at 30 June 2019, the Group had a total of 317 projects under management, with a total planned GFA of approximately 72.84 million sqm and a total saleable amount of approximately RMB419.4 billion. As the Group's project management business continues to expand, the profitability has increased steadily over years and the gross profit margin is much higher than investment projects, thus the profit contribution to the Company attributable to asset-light business will further increase in the future.

**Actively developed town projects.**

The Group has stepped up its efforts in expanding featured town projects. Leveraging its systematic development idea, leading operational capabilities, strong brand advantages and extensive resource integration capability, Greentown has absolute advantages in attaining and operating town projects and boasts prosperous future development. During the first half of 2019, the Group successfully obtained four town projects, including Hangzhou Longwu Tea Village, and has put key focus on over 30 town projects which are expected to be implemented in the future.

**Expanded featured businesses at full throttle.** In order to further expand the scale of land bank and increase sources of profit, the Group proactively expanded featured businesses, including regional comprehensive development projects, TOD projects, urban renewal projects, industrial property projects and rural land projects to increase the chances of acquiring lands at lower prices. At present, Greentown's TOD model has been recognized by many local governments. The Group is now focusing on TOD projects in cities such as Hangzhou, Xi'an, Fuzhou, Dalian, Harbin, Ningbo and Foshan.

**Adhering to the Principle of Quality-First for Further Enhancement**

**Sorted out product series and families to enhance efficiency.** The Group has systematically sorted out the product series and families formed in the 25 years of development, and has completed the establishment of a product system that includes "8 product series", "22 product categories" and "22 product styles". At the same time, in order to further inherit Greentown's classical works and accelerate implementation, the Group has proactively carried out standardized, digitalized, industrialized and information-based works by integrating territorial circumstances of respective projects to promote rapid transformation and application of mature products under new projects, ensuring product quality and improving turnover efficiency.

**Enhanced product management effectively.** In order to set high-standard, regulated and systematic decision-making procedure for products and uplift the decision-making standard when it comes to significant product issues, the Company established Greentown China Planning and Design Committee and Engineering Quality Committee. The Planning and Design Committee, which comprised of Mr SONG Weiping as the Honorary Chairman, Mr ZHANG Yadong and relevant professionals as major members, also engages professional design companies as external experts, to jointly make decisions in relation to project planning and design and supervise product quality, continuously consolidating the core competitiveness of Greentown's products, ensuring full inheritance of Greentown's quality and constant innovation and maintaining the advantages of first class products within the industry at all times.

**Constantly promoted service quality.**

The Group kept upgrading service quality, proactively improved living service system, built 5G "whole-hearted" service from 5 dimensions of housing health insurance, public property management, household living management, community facilities and neighborhood relationship promotion, and guided the execution of the living services through the pilot projects so as to create better living environment for the household owners. In 2019, China Index Academy published a survey report on residents' satisfaction towards living in China's cities. Greentown China led the industry with a score of 89.3 in overall satisfaction and ranked first in 12 cities it invested, including Hangzhou, Hefei, Jinan and Ningbo, with its brand value continuously raised.

### Prospect

Going forward, the keynote of real estate policy in China will remain to be “houses are for living, not for speculation”. Local governments will consistently implement control measures such as “different policies for different cities” to continue the stabilization of land prices, property prices and price expectations, regulate and cool down the real estate market and maintain its steady development. It is anticipated that in the second half of 2019, the real estate market will not fluctuate significantly, and the overall scale of housing enterprises will grow steadily with annual growth further eased. According to the current policy and market condition, it is believed that China’s real estate market will maintain stable for a long term. Meanwhile, considering the current urbanization progress in China and the correlation between real estate and macroeconomics, it is expected that opportunities and space for real estate development will still be enormous in the future.

Against the backdrop of these profound changes in the real estate market, Greentown will continue to “reform, change and improve” with problem-solving as its core, continue to take development as its first priority, and aim at developing with high and superior quality. For the second half of 2019, the Group has formulated specific work measures. Firstly, the Group will continue to implement “staff control” and “expenses control”, promote project group management and optimize staff deployment to improve the per capita efficiency, reduce cost and expense and improve profit margin. Secondly, the Group will put more efforts into investment and land bank expansion through diversified land acquisition, and adjust investment schedule to even out land acquisition in the first half and second half of the year. Thirdly, the Group will continue to improve capital utilisation through disposing self-holding properties,

reducing dormant assets and safeguarding sound and long-lasting development of the Company. Finally, the Company will further strengthen its research on newly entered markets and enhance product adaptability to meet differentiated demands and further increase the sell-through rate.

Based on the current policies and market conditions, the Group has always insisted on long-term and healthy development. It has actively sought new revenue growth opportunities centering around real estate industry, which have achieved certain results and are believed to create greater added-values in the future. Meanwhile, as a typical mixed-ownership enterprise, Greentown has not only the strong support of the state-owned enterprise CCCG, but also the flexible operation mechanism of private enterprises. These two factors complement and facilitate each other, which create significant advantages in the fierce market competition and providing a solid foundation and assurance for the Group’s long-term and healthy development.

### Saleable Resources in the Second Half of 2019

For the second half of 2019, the total saleable area of Greentown Group is expected to reach approximately 10.6 million sqm, with a total saleable amount of approximately RMB226.3 billion, showing that the saleable resources are sufficient and we have full confidence in accomplishing the sales target set at the beginning of the year. Of these, the saleable area of investment projects is expected to be approximately 6.11 million sqm, with a total saleable amount of approximately RMB157.4 billion, (of which approximately RMB31.4 billion will be attributable to inventory property projects; approximately RMB126 billion is expected to be new saleable properties). The saleable area of Greentown Group’s projects under project management is

estimated to reach approximately 4.49 million sqm, with saleable amount of approximately RMB68.9 billion in the second half of 2019.

## FINANCIAL ANALYSIS

### Revenue

The revenue of the Group mainly derives from the sales of properties, as well as from project management, design and decoration, hotel operations, property rental, sales of construction materials, etc. During the Period, the revenue of the Group amounted to RMB18,658 million, representing a decrease of 44.4% from RMB33,534 million for the corresponding period in 2018, which was mainly attributable to lower revenue recognised from the sales of properties in the first half of the year.

During the Period, the Group’s revenue from property sales amounted to RMB15,889 million, accounting for 85.2% of the total revenue and representing a decrease of 49.4% from RMB31,420 million in the corresponding period of 2018. The decrease in sales revenue from the delivery of properties in the Period was mainly due to the uneven distribution of the area recognised in the first and second halves of the year. The area of properties with recognised revenue amounted to 949,684 sqm, representing a decrease of 43.8% from 1,690,478 sqm in the same period of 2018. The average selling price of properties with recognised revenue, was RMB16,731 per sqm, representing a decline of 10.0% from RMB18,586 per sqm in 2018 mainly because Zibo Lily Garden and Jiaxing Liu’an Hefeng, with a relatively high proportion of sales among the projects with recognised revenue for the Period, are located in the third and fourth-tier cities, which lowered the average selling price to some extent.

## Management Discussion and Analysis

Properties with the revenue recognised by subsidiaries for the first half of 2019 are as follows:

Projects	Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB per sqm)
Zibo Lily Garden	High-rise Apartment	194,237	1,712	10.8%	8,814
Jinan Yulan Garden	High-rise Apartment, Low-Rise Apartment, Villa	89,864	1,681	10.6%	18,706
Hainan Blue Town	Integrated Community	51,222	1,342	8.4%	26,200
Hangzhou Arcadia Town	High-rise Apartment, Low-Rise Apartment, Villa	56,453	1,285	8.1%	22,762
Jiaxing Liu'an Hefeng	High-rise Apartment	81,274	837	5.3%	10,298
Shanghai Bund House	High-rise Apartment	4,967	808	5.1%	162,674
Chengdu Wenrude	High-rise Apartment, Villa	30,034	770	4.8%	25,638
Qingdao Ideal City	Integrated Community	31,173	766	4.8%	24,573
Taizhou Ningjiang Mingyue	Integrated Community	45,296	688	4.3%	15,189
Wenzhou Fengqi Yuming	High-rise Apartment	13,667	492	3.1%	35,999
Others		351,497	5,508	34.7%	15,670
<b>Total</b>		<b>949,684</b>	<b>15,889</b>	<b>100%</b>	<b>16,731</b>

Note: Areas sold includes above ground and underground areas.

During the Period, projects in Zhejiang area achieved property sales revenue of RMB6,592 million, accounting for 41.5% of the total property sales and ranking top. Projects in Shandong area achieved property sales revenue of RMB4,714 million, accounting for 29.7% of the total property sales and ranking second. Projects in Hainan area achieved property sales revenue of RMB1,342 million, representing 8.4% of the total property sales and ranking third.

Hangzhou Arcadia Town

During the Period, the Group's revenue from sales of high-rise apartments, low-rise apartments and serviced apartments amounted to RMB13,041 million, accounting for 82.1% of the total property sales. Sales revenue from villas amounted to RMB2,608 million, accounting for 16.4% of the total property sales; and that from offices amounted to RMB240 million, accounting for 1.5% of the total property sales.

During the Period, the Group's revenue from project management service amounted to RMB990 million, representing an increase of 39.4% from RMB710 million in the corresponding period of 2018. The Group stresses both the light-asset and heavy-asset aspects of its business in its development. Capitalising on its first-grade construction level, high-quality products and standardised operation model, Greentown Management Holdings Company Limited (綠城管理控股有限公司) maintains its leadership in terms of scale of project management and a well-received brand in the industry, serving as a benchmark for the project management sector. The project management business, as a whole, has shown a good momentum of development.

During the Period, the Group recorded RMB1,158 million in the revenue from its design and decoration business, representing an increase of 21.5% from RMB953 million in the corresponding period of 2018. The high-end fit-out products and services provided by the Group's design and decoration business were highly regarded by customers, sustaining a continuously stable expansion of business scale.

During the Period, the Group's revenue from hotel operations amounted to RMB393 million, representing an increase of 24.0% from RMB317 million in the corresponding period of 2018, mainly because Banyan Tree Anji and InterContinental Ningbo commenced operation in the second half of 2018.

During the Period, the Group's rental income from investment properties amounted to RMB83 million, representing an increase of 219.2% from RMB26 million in the corresponding period of 2018, which was mainly attributable to an increase in rental income of the Jinan Financial Centre (濟南金融中心) offices which commenced operation in the second half of 2018.

### **Gross Profit and Gross Profit Margin**

During the Period, the Group recorded a gross profit of RMB5,969 million, representing a decrease of 1.8% from RMB6,078 million in the corresponding period of 2018, which was mainly attributable to a decrease in the area of properties delivered and property sales revenue.

During the Period, the Group achieved a gross profit margin of 32.0%, representing a significant increase from 18.1% in the corresponding period of 2018. In particular, the gross profit margin of property sales was 31.3%, representing a significant increase from 16.6% in the corresponding period of 2018, which was mainly attributable to the wide market acceptance with favourable sales performance on projects such as Jinan Yulan Garden, Hainan Blue Town and Hangzhou Arcadia Town, and thus achieving higher gross margin.

### **Other Income**

During the Period, the Group recorded other income of RMB1,362 million, representing an increase of RMB627 million from RMB735 million in the corresponding period of 2018. Other income, mainly comprising interest income, default penalty income and comprehensive service income, grew by 85.3% compared with the corresponding period of last year because (i) RMB392 million of interest income and penalty income was recognised in respect of an independent third party that did not repay the amounts for first-tier land development in time; (ii) doubtful debts were recovered from Dalian Chengda Investment Co., Ltd. (大連城達投資有限公司) which recognised corresponding interest income amounting to RMB68 million; and (iii) the Group added many new projects, incurring more interest income from the increase in the amount due from related parties.

### Administrative Expenses

Administrative expenses included human resource costs, daily operating expenses and other expenses, such as product research and development expenses. During the Period, the Group incurred administrative expenses of RMB1,405 million, representing an increase of RMB159 million or 12.8% from RMB1,246 million in the corresponding period of 2018. Administrative expenses are mainly divided into real estate development and related business expenses, non-real estate development and related business expenses, and depreciation and amortisation fees. Businesses related to non-real estate development are mainly project management, hotel business, design and decoration, sales of construction materials and other services. During the Period, the Group incurred administrative expenses of RMB713 million in its real estate development and related business, representing an increase of RMB39 million or 5.8% from RMB674 million in the corresponding period of

2018. Human resource costs constituted the single largest expenditure in the administration expenses of real estate development and related business. Such expenditure amounted to RMB309 million for the Period (the corresponding period of 2018: RMB356 million), representing a decrease of RMB47 million or a year-on-year decrease of 13.2%, mainly due to the amortisation of new share options granted to the Directors and the senior management by the Group, which amounted to RMB29 million, representing a decrease of RMB36 million as compared to RMB65 million for the corresponding period of 2018. The amortisation of the share options is based on the fair value of the share options and the proportion of the exercisable shares, and is not the actual exercise income of the grantor. Daily operating expenses of real estate development and related business amounted to RMB99 million for the Period on a par with RMB101 million in corresponding period of 2018.

Administration expenses of non-real estate development and related business amounted to RMB406 million for the Period, representing an increase of 9.1% from RMB372 million in the corresponding period of 2018, mainly due to an increase in the scale of revenue for non-real estate development and related business, but the ratio of expenses to revenue has dropped from that in the corresponding period of 2018.

Depreciation and amortisation fees amounted to RMB286 million for the Period, representing an increase of 43.0% from RMB200 million in the corresponding period of 2018, mainly due to the fact that Banyan Tree Anji and InterContinental Ningbo commenced operation in the second half of 2018, which resulted in the increase in the corresponding depreciation fee and the depreciation fee incurred from initial application of the lease standard.

Jiaxing Liu'an Hefeng

### Selling Expenses

Selling expenses mainly include human resource costs, marketing activities expenses and daily operating expenses. During the Period, the Group incurred selling expenses of RMB665 million, representing an increase of RMB135 million or 25.5% from RMB530 million for the corresponding period of 2018. Selling expenses can be divided into the expenses for real estate development and related business and the expenses for non-real estate development and related business. During the Period, the Group incurred selling expenses for real estate development and related business of RMB532 million, representing an increase of RMB108 million or 25.5% from RMB424 million for the corresponding period of 2018. As the single largest expenditure in selling expenses for real estate development and related business, marketing activities expenses amounted to RMB301 million for the Period (the corresponding period of 2018: RMB229 million), representing an increase of RMB72 million or a year-on-year increase of 31.4%. During the Period, human resource costs incurred in real estate development and related business amounted to RMB147 million, representing an increase

of 8.9% from RMB135 million for the corresponding period of 2018. During the Period, the daily operating expenses incurred in real estate development and related business amounted to RMB84 million (the corresponding period of 2018: RMB60 million), representing an increase of RMB24 million or a year-on-year increase of 40.0%. During the Period, the increase of selling expenses of the Group for real estate development and related business was mainly due to the increase in additional projects. In the second half of 2019, a large number of new projects are expected to be launched, with relevant marketing activities and advertisement expenses to rise.

During the Period, the Group incurred selling expenses for non-real estate development and related business of RMB133 million, representing an increase of RMB27 million or 25.5% from RMB106 million for the corresponding period of 2018. This was mainly due to the increase in relevant expenses as Banyan Tree Anji and InterContinental Ningbo commenced operation in the second half of 2018, but the ratio of expenses to revenue has dropped from that in the corresponding period of 2018.

### Finance Costs

During the Period, interest expenses recorded in the Group's condensed consolidated statement of profit or loss and other comprehensive income amounted to RMB801 million (the corresponding period of 2018: RMB627 million). Interest expenses for the Period totalled RMB2,986 million, representing an increase of RMB460 million from RMB2,526 million for the corresponding period of 2018, mainly due to the increase in the number of projects under development and the weighted average of loan balance outstanding during the Period. The weighted average interest cost was 5.4% during the Period, the same as 5.4% in 2018. During the Period, the Group continued to improve its debt structure, actively innovate its financing model and expand its financing channels, which enabled finance costs to stay at a lower level. During the Period, capitalised interest amounted to RMB2,185 million, with a capitalisation rate of 73.2% which represented a decrease from 75.2% for the corresponding period of 2018.

### Share of Results of Joint Ventures and Associates

During the Period, the Group's share of results of joint ventures amounted to a loss of RMB8 million and the share of results of associates amounted to a gain of RMB505 million, totalling an aggregate gain of RMB497 million which represented an increase of RMB195 million from RMB302 million for the corresponding period of 2018, mainly as a result of an increase in the revenue from property sale.

During the Period, revenue from property sales recognised by joint ventures and associates amounted to RMB10,616 million in aggregate, representing an increase of 12.2% from RMB9,463 million for the corresponding of 2018; and gross profit from property sales amounted to RMB2,591 million, representing an increase of 12.1% from RMB2,311 million for the corresponding period of 2018, which was mainly due to a higher gross profit from properties as a result of the considerable sales revenue of Hangzhou Liuxiangyuan.

Projects with the revenue recognised by joint ventures and associates in the first half of 2019 are as follows:

Projects	Category	Type of Properties	Area Sold	Sales Revenue	% of Total	Average Selling Price
			(sqm) (Note)	(RMB million)		(RMB per sqm)
Hangzhou Phoenix Mansion	Joint Venture	High-Rise Apartment	6,101	455	4.3%	74,578
Beijing Xifu Haitang	Joint Venture	High-Rise Apartment	5,099	234	2.2%	45,891
Shenyang National Games Village	Joint Venture	High-Rise Apartment, Villa	26,887	213	2.0%	7,922
Hangzhou Liuxiangyuan	Associate	High-Rise Apartment	170,001	5,777	54.4%	33,982
Ningbo Center	Associate	High-Rise Apartment, Office	63,069	926	8.7%	14,682
Qingdao Deep Blue Center	Associate	High-Rise Apartment	10,247	603	5.7%	58,846
Hangzhou Young City	Associate	High-Rise Apartment	10,319	272	2.5%	26,359
Deqing Fengqi Yunlu	Associate	Low-Rise Apartment	12,590	251	2.4%	19,936
Hangzhou Xixi Yunlu	Associate	Villa	2,729	242	2.3%	88,677
Dongying Ideal City	Associate	High-Rise Apartment, Villa	20,995	208	2.0%	9,907
Others			65,442	1,435	13.5%	21,928
<b>Total</b>			<b>393,479</b>	<b>10,616</b>	<b>100%</b>	<b>26,980</b>

Note: Area sold include aboveground and underground areas.

### Taxation Expenses

During the Period, taxation included the land appreciation tax of RMB865 million (the corresponding period of 2018: RMB1,235 million) and enterprise income tax of RMB1,149 million (the corresponding period of 2018: RMB1,219 million). During the Period, the effective enterprise income tax rate was 27.2% (excluding the share of results of joint ventures and associates as well as the losses of certain offshore subsidiaries), higher than the statutory tax rate of 25.0%. This was mainly attributable to the early provision for withholding tax on dividend, the losses of certain onshore subsidiaries with unrecognised deferred tax assets and expenses non-deductible for taxation purposes.

### Provision and Reversal of Impairment Losses for Certain Assets

In light of the rapid change of market environment, the Group conducted an impairment test on certain properties based on the principle of prudence during the Period. According to the test results, the Group provided for impairment loss of certain subsidiaries for their completed properties for sale during the Period. In addition, the Group also provided impairment losses for receivables and contract assets based on the expected credit losses impairment model with the comprehensive consideration of some factors such as the counterparty and the age of receivables. The details are as following:

Name of Company	Name of Project	Impairment Losses (RMB million)
Xinjiang Junfa Greentown Real Estate Development Co., Ltd.	Xinjiang Lily Apartment	27
Tianjin Greentown National Games Village Construction Development Co., Ltd.	Tianjin National Games Village	17
Losses and reversal under expected credit losses model		(145)
Total		(101)

Losses and reversal under expected credit losses model were mainly attributable to the recovery of doubtful debts of RMB100 million from Dalian Chengda Investment Co., Ltd. for previous years.

### Contract Liabilities

Contract liabilities mainly represent the amounts received from the pre-sale of properties. As at 30 June 2019, the balance of contract liabilities of the Group was RMB77,391 million, representing an increase of RMB11,124 million or 16.8% from RMB66,267 million which accounted as pre-sale deposits as at 31 December 2018. Such increase was mainly due to the increase in contract sales of the Group during the Period.

As at 30 June 2019, the balance of contract liabilities of joint ventures and associates (properties presale proceeds) was RMB43,648 million, representing an increase of RMB4,765 million or 12.3% from RMB38,883 million as at 31 December 2018.

### Financial Resources and Liquidity

As at 30 June 2019, the Group had bank balances and cash (including pledged bank deposits) of RMB48,232 million (31 December 2018: RMB48,219 million). Total borrowings amounted to RMB86,559 million (31 December 2018: RMB81,458 million) and net liabilities (total borrowings less bank balances and cash) amounted to RMB38,327 million (31 December 2018: RMB33,239 million). The net gearing ratio was 58.6%, which was higher than the ratio of 55.3% as at 31 December 2018 but remained at a reasonable level. Balance of borrowings due within one year amounted to RMB17,961 million, accounting for 20.8% of the total borrowings. The closing balance of bank deposits and cash was 2.69 times the balance of borrowings due within one year. Cash flow was sufficient, coupled with a reasonable debt structure, providing a strong support for the subsequent development of the Company.

Greentown Group has obtained facilities of more than RMB238.4 billion from financial institutions, of which approximately RMB150.7 billion was available as of 30 June 2019.

### Risks of Foreign Exchange Fluctuation

The principal place of operation of the Group is in the People's Republic of China, and the majority of the income and expenditure was settled in RMB. As the Group had deposits in foreign currencies, amounts due from and to related parties and third parties denominated in foreign currencies, as well as bank borrowings in foreign currencies and overseas senior notes, the Group was exposed to foreign exchange risks. No foreign exchange hedging arrangements had been entered into by the Company during the Period. A provision of net foreign exchange loss of RMB60 million for the depreciation of RMB was made, though there was no effective cash outflow. The Company will pay attention to the changes in the foreign exchange market and actively conduct discussion with various major banks on foreign exchange hedging solutions.

### Financial Guarantees

The Group provided financial guarantees to certain banks for mortgage facilities granted to buyers of the Group's properties. As at 30 June 2019, such financial guarantees amounted to RMB32,465 million (as at 31 December 2018: RMB33,938 million).

### Pledge of Assets

As at 30 June 2019, the Group pledged right-of-use assets, investment properties, properties for development, properties under development, completed properties for sale, property, plant and equipment, pledged bank deposits, trade and other receivables, deposits and prepayments and interests in associates, with an aggregate carrying value of RMB75,994 million (as at 31 December 2018: RMB67,015 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

### Capital Commitments

As at 30 June 2019, the Group had contracted, but not provided for, capital expenditure commitments of RMB27,985 million (as at 31 December 2018: RMB25,909 million) in respect of properties for development, properties under development or construction in progress.

### CAPITAL EXPENDITURE PLAN

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

## HUMAN RESOURCES

As at 30 June 2019, the Group employed a total of 7,844 employees (31 December 2018: 7,535). The employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the Remuneration Committee and the Board on a regular basis. As an incentive for the employees, bonuses, cash awards and share options may also be granted to the employees based on their individual performance evaluation.

### EVENTS AFTER THE REPORTING PERIOD

For events after the Reporting Period, please refer to note 33 to the consolidated financial statements of the Company in this report.

Hainan Blue Town

Xuzhou Lagerstroemia Mansion



## Corporate Governance

### Corporate Governance Code

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

### Compliance with the Model Code

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

### Review of Interim Results

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

Deloitte Touche Tohmatsu (DTT), the auditor of the Company, has performed a review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" on the interim financial information of the Group for the six months ended 30 June 2019 prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", and issued a review report dated 23 August 2019.

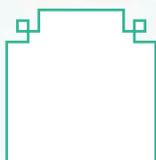
Changsha Bamboo Garden



Hangzhou Liuxiangyuan



## Other Information



## Directors' and Chief Executive's Interests in Securities

As at 30 June 2019, the interests and short positions of Directors and chief executive of the Company and their associates in the Shares, underlying shares and debentures of the Company and any of its associated corporations, as recorded in the register 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	Interest of Controlled Corporation	Total Number of Shares and Underlying Shares Held	% of Issued Share Capital of the Company Held
Mr SONG Weiping (Resigned on 11 July 2019)	8,150,000 (note 1)	–	216,530,924 (note 2)	224,680,924	10.350%
Mr LIU Wensheng	7,400,000 (note 1)	–	–	7,400,000	0.341%
Mr ZHANG Yadong	7,600,000 (note 3)	–	–	7,600,000	0.350%
Mr LI Qingan (Resigned on 11 July 2019)	6,500,000 (note 1)	–	–	6,500,000	0.299%
Mr LI Yongqian (Resigned on 11 July 2019)	5,700,000 (note 1)	–	–	5,700,000	0.263%
Mr LI Jun	3,200,000 (note 4)	–	–	3,200,000	0.147%

Notes:

- (1) Share options granted on 27 December 2017 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$9.10 per share from 27 December 2017 to 26 December 2027.
- (2) Mr SONG Weiping, being the sole shareholder of Delta House Limited ("Delta"), is deemed to be interested in 116,530,924 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) Share options granted on 28 August 2018 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$8.326 per share from 28 August 2018 to 27 August 2028.
- (4) It includes (i) 1,900,000 share options granted on 27 December 2017 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$9.10 per share from 27 December 2017 to 26 December 2027; (ii) 1,300,000 share options granted on 28 August 2018 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK\$8.326 per share from 28 August 2018 to 27 August 2028. The aforesaid represents an aggregate of 3,200,000 share options.

Save as disclosed above, as at 30 June 2019, none of the Directors and chief executive of the Company had any interest or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations, as recorded in the register required to be maintained by the Company pursuant to Section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## Substantial Shareholders' Interests in Securities

As at 30 June 2019, according to the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO and so far as the Company is aware, 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 (note 1)	Interest or Short Position in the Shares or Underlying Shares (note 2)	Capacity in which Interests are Held	% of Issued Share Capital of the Company Held
CCCG (note 3)	624,851,793 (L)	Interest of controlled corporations	28.783%
CCCG Holding (HK) Limited (note 4)	524,851,793 (L)	Beneficial owner	24.176%
HSBC Trustee (C.I.) Limited (note 5)	540,589,293 (L)	Interest of controlled corporations	24.901%
Wheelock and Company Limited ("Wheelock") (note 6)	540,589,293 (L)	Interest of controlled corporations	24.901%
Wharf (note 7)	540,589,293 (L)	Interest of controlled corporations	24.901%
Ms XIA Yibo (note 8)	224,680,924 (L)	Interest of spouse	10.350%
Delta (note 8)	116,530,924 (L)	Beneficial owner	5.368%

Notes:

- (1) The list of substantial shareholders of the Company and their respective interests in the shares and underlying shares of the Company set out in the table are based on the information available to the Company after making reasonable enquiry.
- (2) The letter "L" denotes a long position.
- (3) CCCG is deemed to be interested in 624,851,793 Shares through its controlled corporations, namely CCCG Real Estate Group Co., Ltd.\* (中交房地產集團有限公司) (which is wholly-owned by CCCG) and CCCG Holding (HK) Limited and CCCG Real Estate Holding Limited (each of which is wholly-owned by CCCG Real Estate Group Co., Ltd.).
- (4) A company controlled by CCCG by virtue of the SFO.
- (5) 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.
- (6) 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 Investments Limited.
- (7) Wharf is deemed to be interested in 540,589,293 Shares through its controlled corporations, namely Wharf China Holdings Limited and Target Smart Investments Limited.
- (8) 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) 116,530,924 Shares held by Delta, a company of which Mr SONG Weiping is the sole shareholder; (ii) 100,000,000 Shares held by HKOO Foundation, a charitable institution established by Mr SONG Weiping of which Mr SONG Weiping is the sole member (notwithstanding that neither Mr SONG Weiping nor Ms XIA Yibo is beneficially interested in those Shares); and (iii) 8,150,000 share options of the Company held by Mr SONG Weiping. The aforesaid represents an aggregate of 224,680,924 Shares.

Save as disclosed above, as at 30 June 2019, the Company had not been notified of any other interests or short positions notifiable to the Company held by any other person in the Shares or underlying shares of the Company required to be recorded under section 336 of the SFO.

## Share Option Scheme

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

Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of Shares in respect of the options may be granted under the Share Option Scheme shall not exceed 10% of the Shares of the Company in issue as at the adoption date.

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

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

## Other Information

Details of the share options of the Company granted, exercised and cancelled pursuant to the 2006 Share Option Scheme during the six months ended 30 June 2019 were as follows:

Name of Grantee	No. of Share Options Outstanding at the Beginning of the Period	No. of Share Options Granted during the Period	No. of Share Options Exercised during the Period	No. of Share Options Cancelled during the Period	No. of Share Options Lapsed during the Period	No. of Share Options Outstanding at the End of the Period	Date of Grant	Period during which Share Options are Exercisable	Exercise Price per Share (HK\$)
<b>Employees</b>									
Certain other employees of the Company's subsidiaries, associates and joint ventures	263,000	-	213,500	-	49,500	-	22 January 2009	22 January 2009 to 21 January 2019	2.89
	555,250	-	440,000	-	115,250	-	22 January 2009	22 January 2010 to 21 January 2019	2.89
	1,241,750	-	841,000	-	400,750	-	22 January 2009	22 January 2011 to 21 January 2019	2.89
	59,000	-	59,000	-	-	-	13 May 2009	13 May 2011 to 12 May 2019	7.16
	3,300,000	-	691,000	-	2,609,000	-	13 May 2009	13 May 2012 to 12 May 2019	7.16
	12,946,750	-	-	-	12,946,750	-	22 June 2009	22 June 2009 to 21 June 2019	11.00
	7,066,875	-	-	-	7,066,875	-	22 June 2009	22 June 2010 to 21 June 2019	11.00
	7,341,875	-	-	-	7,341,875	-	22 June 2009	22 June 2011 to 21 June 2019	11.00
	32,774,500	-	2,244,500	-	30,530,000	-			
Certain employees of Greentown Property Services Group Co., Limited., Hangzhou Jinshagang Travel Cultural Co., Ltd. and Greentown Holdings Group Limited, all being affiliates of Mr SONG Weiping	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	-			
<b>Total</b>	<b>34,519,500</b>	<b>-</b>	<b>2,244,500</b>	<b>-</b>	<b>32,275,000</b>	<b>-</b>			

## Other Information

Details of the Company's share options granted, exercised and cancelled pursuant to the 2016 Share Option Scheme during the six months ended 30 June 2019 were as follows:

Name of Grantee	No. of Share Options Outstanding at the Beginning of the Period	No. of Share Options Granted during the Period	No. of Share Options Exercised during the Period	No. of Share Options Cancelled during the Period	No. of Share Options Lapsed during the Period	No. of Share Options Outstanding at the End of the Period	Date of Grant	Period during which Share Options are Exercisable	Exercise Price per Share (HK\$)
<b>Directors</b>									
Mr SONG Weiping	2,445,000	–	–	–	–	2,445,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
(Resigned on 11 July 2019)	2,445,000	–	–	–	–	2,445,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	1,630,000	–	–	–	–	1,630,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	815,000	–	–	–	–	815,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	815,000	–	–	–	–	815,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	8,150,000	–	–	–	–	8,150,000			
Mr LIU Wensheng	2,220,000	–	–	–	–	2,220,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	2,220,000	–	–	–	–	2,220,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	1,480,000	–	–	–	–	1,480,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	740,000	–	–	–	–	740,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	740,000	–	–	–	–	740,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	7,400,000	–	–	–	–	7,400,000			
Mr ZHANG Yadong	2,280,000	–	–	–	–	2,280,000	28 August 2018	28 August 2019 to 27 August 2028	8.326
	2,280,000	–	–	–	–	2,280,000	28 August 2018	28 August 2020 to 27 August 2028	8.326
	1,520,000	–	–	–	–	1,520,000	28 August 2018	28 August 2021 to 27 August 2028	8.326
	760,000	–	–	–	–	760,000	28 August 2018	28 August 2022 to 27 August 2028	8.326
	760,000	–	–	–	–	760,000	28 August 2018	28 August 2023 to 27 August 2028	8.326
	7,600,000	–	–	–	–	7,600,000			
Mr LI Qingan	1,950,000	–	–	–	–	1,950,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
(Resigned on 11 July 2019)	1,950,000	–	–	–	–	1,950,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	1,300,000	–	–	–	–	1,300,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	650,000	–	–	–	–	650,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	650,000	–	–	–	–	650,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	6,500,000	–	–	–	–	6,500,000			

## Other Information

Name of Grantee	No. of Share Options Outstanding at the Beginning of the Period	No. of Share Options Granted during the Period	No. of Share Options Exercised during the Period	No. of Share Options Cancelled during the Period	No. of Share Options Lapsed during the Period	No. of Share Options Outstanding at the End of the Period	Date of Grant	Period during which Share Options are Exercisable	Exercise Price per Share (HK\$)
Mr Li Yongqian	1,710,000	-	-	-	-	1,710,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
(Resigned on 11 July 2019)	1,710,000	-	-	-	-	1,710,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	1,140,000	-	-	-	-	1,140,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	570,000	-	-	-	-	570,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	570,000	-	-	-	-	570,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	5,700,000	-	-	-	-	5,700,000			
Mr Li Jun	570,000	-	-	-	-	570,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	570,000	-	-	-	-	570,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	380,000	-	-	-	-	380,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	190,000	-	-	-	-	190,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	190,000	-	-	-	-	190,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	390,000	-	-	-	-	390,000	28 August 2018	28 August 2019 to 27 August 2028	8.326
	390,000	-	-	-	-	390,000	28 August 2018	28 August 2020 to 27 August 2028	8.326
	260,000	-	-	-	-	260,000	28 August 2018	28 August 2021 to 27 August 2028	8.326
	130,000	-	-	-	-	130,000	28 August 2018	28 August 2022 to 27 August 2028	8.326
	130,000	-	-	-	-	130,000	28 August 2018	28 August 2023 to 27 August 2028	8.326
	3,200,000	-	-	-	-	3,200,000			
<b>Employees</b>									
Certain other employees of the Company's subsidiaries, associates and jointly controlled entities	21,105,000	-	-	-	-	21,105,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	21,105,000	-	-	-	-	21,105,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	14,070,000	-	-	-	-	14,070,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	7,035,000	-	-	-	-	7,035,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	7,035,000	-	-	-	-	7,035,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	70,350,000	-	-	-	-	70,350,000			
<b>Total</b>	<b>108,900,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108,900,000</b>			

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

During the Period, 2,244,500 share options were exercised and 32,275,000 share options lapsed.

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

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

Following a re-composition of the Board after the Reporting Period on 11 July 2019, each of Mr SONG Weiping, Mr LI Qingan and Mr LI Yongqian has resigned as an executive Director. Each of Mr SONG Weiping and Mr LIU Wensheng has stepped down as a Co-chairman of the Board. Mr SONG Weiping still carries the title of Honorary Chairman of the planning and design committee after his resignation and Mr LIU Wensheng remains as an executive Director and a member of the Nomination Committee and Remuneration Committee of the Board.

With effect from 11 July 2019: (a) Mr ZHANG Yadong, executive Director and Chief Executive Officer of the Company, has been appointed as the Chairman of the Board; (b) each of Mr ZHOU Lianying, Mr GUO Jiafeng and Mr GENG Zhongqiang has been appointed as an executive Director and an Executive President of the Company; and (c) Mr Stephen Tin Hoi NG has been appointed as a non-executive Director (with Mr Andrew On Kiu CHOW as his alternate).

For details of the abovementioned changes to the composition of the Board, please refer to the announcement of the Company dated 11 July 2019.

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

Save as disclosed, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the Reporting Period.

For (i) the issue of senior perpetual capital securities by a wholly-owned subsidiary of the Company and guaranteed by the Company and (ii) the full redemption of the outstanding amount of the subordinated perpetual capital securities callable 2019 in the aggregate principal amount of US\$500,000,000 issued by a wholly-owned subsidiary of the Company and listed on the Stock Exchange during the Reporting Period, please refer to the Company's announcements dated 25, 26, 29 and 31 January 2019 and 8 February 2019.

### Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil).

### Appreciation

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

By order of the Board  
*Chairman*  
**ZHANG Yadong**

Hangzhou, the PRC  
23 August 2019

# 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 33 to 82, which comprise the condensed consolidated statement of financial position as of 30 June 2019 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

23 August 2019

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	Notes	six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	3	<b>18,658,115</b>	33,533,600
Cost of sales		<b>(12,689,609)</b>	(27,455,337)
Gross profit		<b>5,968,506</b>	6,078,263
Other income	4	<b>1,362,461</b>	734,996
Other gains and losses	5	<b>(57,081)</b>	(136,797)
Selling expenses		<b>(665,302)</b>	(530,128)
Administrative expenses		<b>(1,404,919)</b>	(1,245,869)
Finance costs	6	<b>(800,890)</b>	(627,128)
Impairment losses under expected credit loss model, net of reversal	17	<b>145,350</b>	(67,233)
Impairment losses on non-financial assets, net of reversal		<b>(44,706)</b>	(14,970)
Gain on re-measurement of an associate and a joint venture to acquisition date fair value in business combination achieved in stages	27	<b>43,487</b>	590,752
Net gain on disposal of subsidiaries	28	<b>42,371</b>	490,551
Share of results of associates		<b>504,926</b>	292,556
Share of results of joint ventures		<b>(7,623)</b>	9,735
Profit before taxation	7	<b>5,086,580</b>	5,574,728
Taxation	8	<b>(2,013,946)</b>	(2,453,636)
Profit for the period		<b>3,072,634</b>	3,121,092
Other comprehensive income item that will not be reclassified to profit or loss			
Fair value gain on equity instruments at fair value through other comprehensive income for the period (net of tax)		<b>40,757</b>	123,208
Total comprehensive income for the period		<b>3,113,391</b>	3,244,300
Profit for the period attributable to:			
Owners of the Company		<b>2,057,571</b>	2,334,963
Non-controlling interests		<b>1,015,063</b>	786,129
		<b>3,072,634</b>	3,121,092
Total comprehensive income attributable to:			
Owners of the Company		<b>2,098,328</b>	2,458,171
Non-controlling interests		<b>1,015,063</b>	786,129
		<b>3,113,391</b>	3,244,300
Earnings per share	10		
Basic		<b>RMB0.67</b>	RMB0.94
Diluted		<b>RMB0.67</b>	RMB0.93

# Condensed Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	9,580,973	9,399,753
Right-of-use assets	11	1,050,079	–
Prepaid lease payment		–	896,967
Investment properties		4,104,960	4,066,128
Goodwill		769,241	769,241
Interests in associates		10,669,605	8,998,556
Interests in joint ventures		2,139,510	1,839,788
Equity instruments at fair value through other comprehensive income		1,303,648	1,275,682
Rental paid in advance		–	18,332
Deferred tax assets		2,521,541	2,363,550
Long-term receivables		956,423	–
Deposit for acquisition of an associate	12	–	2,718,000
		<b>33,095,980</b>	<b>32,345,997</b>
<b>CURRENT ASSETS</b>			
Properties for development	13	15,124,003	22,842,799
Properties under development	14	138,836,980	117,876,867
Completed properties for sale		8,944,687	10,972,736
Inventories		151,085	119,503
Trade and other receivables, deposits and prepayments	15	10,014,323	6,253,199
Contract assets	16	1,851,604	1,887,085
Contract costs		600,390	332,268
Amounts due from related parties		35,359,146	31,847,932
Prepaid income taxes		3,443,411	3,068,258
Prepaid other taxes		4,519,325	3,996,968
Pledged bank deposits	30	1,548,383	4,871,831
Bank balances and cash		46,684,035	43,347,301
		<b>267,077,372</b>	<b>247,416,747</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	33,246,014	29,285,142
Contract liabilities		77,391,415	66,266,875
Amounts due to related parties		21,610,705	26,728,482
Dividend payable	9	499,312	–
Income taxes payable		7,275,995	7,690,830
Other taxes payable		1,881,240	1,984,054
Lease liabilities		42,669	–
Bank and other borrowings	19	11,971,239	13,482,996
Corporate debt instruments	21	5,989,383	3,998,222
		<b>159,907,972</b>	<b>149,436,601</b>

## Condensed Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
<b>NET CURRENT ASSETS</b>		<b>107,169,400</b>	97,980,146
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>140,265,380</b>	130,326,143
<b>NON-CURRENT LIABILITIES</b>			
Bank and other borrowings	19	<b>46,216,357</b>	36,158,356
Senior notes	20	<b>3,384,553</b>	3,355,113
Corporate debt instruments	21	<b>17,400,614</b>	22,868,377
Receipts under securitisation arrangements	22	<b>1,596,828</b>	1,595,196
Lease liabilities		<b>87,895</b>	–
Deferred tax liabilities		<b>6,136,276</b>	6,230,261
		<b>74,822,523</b>	70,207,303
		<b>65,442,857</b>	60,118,840
<b>CAPITAL AND RESERVES</b>			
Share capital	23	<b>209,694</b>	209,501
Reserves		<b>27,657,407</b>	27,364,909
Equity attributable to owners of the Company		<b>27,867,101</b>	27,574,410
Perpetual securities	24	<b>18,571,566</b>	15,408,315
Non-controlling interests		<b>19,004,190</b>	17,136,115
		<b>65,442,857</b>	60,118,840

The condensed consolidated financial statements on pages 33 to 82 were approved and authorised for issue by the Board of Directors on 23 August 2019 and are signed on its behalf by:

ZHANG Yadong  
DIRECTOR

ZHOU Lianying  
DIRECTOR

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Attributable to owners of the Company										Non-controlling Interests	Total
	Share capital	Treasury Shares	Share premium	Special reserve	Statutory reserve	Share option reserve	Revaluation reserve	Retained earnings	Subtotal	Perpetual securities		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2018 (audited)	209,240	-	8,553,855	(1,586,918)	1,917,456	212,341	509,967	17,730,998	27,546,939	8,603,949	12,277,858	48,428,746
Profit for the period	-	-	-	-	-	-	-	2,334,963	2,334,963	-	786,129	3,121,092
Other comprehensive income for the period	-	-	-	-	-	-	123,208	-	123,208	-	-	123,208
Total comprehensive income for the period	-	-	-	-	-	-	123,208	2,334,963	2,458,171	-	786,129	3,244,300
Dividends recognised as distributions (note 9)	-	-	-	-	-	-	-	(433,536)	(433,536)	-	-	(433,536)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(102,188)	(102,188)
Transfer	-	-	-	-	33,086	-	-	(33,086)	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	64,902	-	-	64,902	-	-	64,902
Exercise of share options	174	-	8,092	-	-	(2,504)	-	-	5,762	-	-	5,762
Distribution relating to perpetual securities	-	-	-	-	-	-	-	(288,490)	(288,490)	-	-	(288,490)
Acquisition of subsidiaries (note 27)	-	-	-	-	-	-	-	-	-	-	1,234,230	1,234,230
Purchase of additional interest in subsidiaries	-	-	-	(237,235)	-	-	-	-	(237,235)	-	(50,619)	(287,854)
Partial disposal of interest in subsidiaries without loss of control	-	-	-	(913)	-	-	-	-	(913)	-	40,913	40,000
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(18,650)	(18,650)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	356,190	356,190
At 30 June 2018 (unaudited)	209,414	-	8,561,947	(1,825,066)	1,950,542	274,739	633,175	19,310,849	29,115,600	8,603,949	14,523,863	52,243,412

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Attributable to owners of the Company											Total RMB'000
	Share capital	Treasury Shares	Share premium	Special reserve	Statutory reserve	Share option reserve	Revaluation reserve	Retained earnings	Subtotal	Perpetual securities	Non-controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000 (i)	RMB'000 (ii)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 31 December 2018 (audited)	209,501	-	8,565,385	(1,818,272)	1,946,114	343,295	688,159	17,640,228	27,574,410	15,408,315	17,136,115	60,118,840
Profit for the period	-	-	-	-	-	-	-	2,057,571	2,057,571	-	1,015,063	3,072,634
Other comprehensive income for the period	-	-	-	-	-	-	40,757	-	40,757	-	-	40,757
Total comprehensive income for the period	-	-	-	-	-	-	40,757	2,057,571	2,098,328	-	1,015,063	3,113,391
Dividends recognised as distributions (note 9)	-	-	-	-	-	-	-	(499,312)	(499,312)	-	-	(499,312)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(188,753)	(188,753)
Transfer	-	-	-	-	100,472	-	-	(100,472)	-	-	-	-
Issue of perpetual securities	-	-	-	-	-	-	-	-	-	8,412,002	-	8,412,002
Redemption of perpetual securities	-	-	-	-	-	-	-	-	-	(6,082,347)	-	(6,082,347)
Transfer on redemption of perpetual securities	-	-	-	-	-	-	-	(475,581)	(475,581)	475,581	-	-
Recognition of share-based incentive	-	-	-	-	-	1,751	-	-	1,751	-	-	1,751
Recognition of equity-settled share-based payments	-	-	-	-	-	28,919	-	-	28,919	-	-	28,919
Exercise of share options	193	-	12,712	-	-	(3,775)	-	-	9,130	-	-	9,130
Interest in perpetual securities recognised as distribution	-	-	-	-	-	-	-	(835,986)	(835,986)	835,986	-	-
Interest in perpetual securities paid	-	-	-	-	-	-	-	-	-	(477,971)	-	(477,971)
Acquisition of subsidiaries (note 27)	-	-	-	-	-	-	-	-	-	-	2,672	2,672
Purchase of additional interest in subsidiaries	-	-	-	(28,609)	-	-	-	-	(28,609)	-	(68,958)	(97,567)
Partial disposal of interest in subsidiaries without loss of control	-	-	-	31,903	-	-	-	-	31,903	-	(3,773)	28,130
Disposal of subsidiaries (note 28)	-	-	-	-	-	-	-	-	-	-	(26,988)	(26,988)
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	-	(21,565)	(21,565)
Shares repurchased (note 26)	-	(37,852)	-	-	-	-	-	-	(37,852)	-	-	(37,852)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	1,160,377	1,160,377
At 30 June 2019 (unaudited)	209,694	(37,852)	8,578,097	(1,814,978)	2,046,586	370,190	728,916	17,786,448	27,867,101	18,571,566	19,004,190	65,442,857

Notes:

- (i) Special reserve mainly represents changes in equity attributable to owners' of the Company risen from partial acquisition or disposal of subsidiaries without losing control over those subsidiaries by the Group. The changes are calculated based on the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received for the partial acquisition or disposal.
- (ii) The statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the relevant companies in accordance with the relevant laws and regulations of the People's Republic of China ("the PRC"). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Notes	six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Operating cash flows before movements in working capital		4,805,305	4,639,585
Decrease (increase) in properties for development		4,829,308	(10,333,896)
(Increase) decrease in properties under development		(21,640,397)	136,879
Decrease in completed properties for sale		2,077,325	8,274,021
Increase (decrease) in contract liabilities		12,565,475	(6,368,608)
Income taxes paid		(3,306,115)	(3,556,153)
Other operating cash flows		2,144,058	(572,574)
Net cash from (used in) operating activities		1,474,959	(7,780,746)
Net cash used in investing activities			
Purchase of property, plant and equipment		(217,136)	(1,305,586)
Purchase of investment property		(38,832)	(179)
Proceeds from disposal of property, plant and equipment		4,236	29,918
Investments in associates		(1,348,120)	(417,509)
Investments in joint ventures		(704,724)	(73,229)
Disinvestments in associates		126,990	–
Disinvestments in joint ventures		296	–
Dividends received from associates and joint ventures		47,036	473,154
Dividends received from equity instruments at fair value through other comprehensive income		19,939	38,793
Proceeds from disposal of equity instruments at fair value through other comprehensive income		12,791	1,054
Proceeds from disposal of interests in associates		9,034	3,500
Consideration received for disposal of subsidiaries recognised in prior year		12,000	861,154
Acquisition of subsidiaries which constitute business (net of cash and cash equivalents acquired)	27	158,262	433,093
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	28	(755,415)	(79,194)
Advance to third parties		(1,586,027)	(1,012,817)
Advance to related parties		(1,420,260)	(1,345,905)
Decrease in pledged bank deposits		3,323,448	409,944
Interest received		773,068	738,796
		(1,583,414)	(1,245,013)

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Net cash from financing activities		
Bank and other borrowings raised	<b>17,425,566</b>	21,033,003
Repayment of bank and other borrowings	<b>(7,753,177)</b>	(12,866,095)
Repayments of leases liabilities	<b>(31,314)</b>	–
Interest paid	<b>(3,274,026)</b>	(2,424,154)
(Repayment of) advances from related parties	<b>(2,125,403)</b>	2,404,173
Contribution by non-controlling shareholders of subsidiaries	<b>1,160,377</b>	356,190
Dividends paid to non-controlling interests	<b>(188,753)</b>	(102,188)
Repayment of non-controlling shareholders capital contribution upon liquidation of subsidiaries	<b>(21,565)</b>	–
Proceeds from issue of perpetual securities	<b>8,412,002</b>	–
Redemption of perpetual securities	<b>(6,082,347)</b>	–
Distribution relating to perpetual securities	<b>(477,971)</b>	(288,490)
Proceeds from issue of corporate debt instruments	<b>496,113</b>	9,961,877
Repayment of corporate debt instruments	<b>(4,000,000)</b>	–
Proceeds from exercise of share options	<b>9,130</b>	5,762
Payment on repurchase of shares	<b>(37,852)</b>	–
Purchase of additional interests in subsidiaries	<b>(97,567)</b>	(287,854)
Proceeds from partial disposal of subsidiaries	<b>28,130</b>	40,000
	<b>3,441,343</b>	17,832,224
Net increase in cash and cash equivalents	<b>3,332,888</b>	8,806,465
Cash and cash equivalents at 1 January	<b>43,347,301</b>	30,070,092
Effect of foreign exchange rate changes	<b>3,846</b>	44,357
Cash and cash equivalents at 30 June, represented by bank balances and cash	<b>46,684,035</b>	38,920,914

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

## 1. Basis of Preparation

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

## 2. Principal Accounting Policies

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

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2018.

### Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement Contracts
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current interim period has had no material impact on the Group’s financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

For the six months ended 30 June 2019

## 2. Principal Accounting Policies (continued)

### **Impacts and changes in accounting policies of application on IFRS 16 Leases**

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 Leases (“IAS 17”) and the related interpretations.

#### **1) Key changes in accounting policies resulting from application of IFRS 16**

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

##### *Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### *As a lessee*

##### Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

##### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

For the six months ended 30 June 2019

## 2. Principal Accounting Policies (continued)

### Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)

#### 1) Key changes in accounting policies resulting from application of IFRS 16 (continued)

*As a lessee (continued)*

##### Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the condensed consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within "investment properties".

##### Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

##### Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* ("IFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

For the six months ended 30 June 2019

## 2. Principal Accounting Policies (continued)

### Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)

#### 1) Key changes in accounting policies resulting from application of IFRS 16 (continued)

*As a lessee (continued)*

##### Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For the six months ended 30 June 2019

## 2. Principal Accounting Policies (continued)

### Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)

#### 1) Key changes in accounting policies resulting from application of IFRS 16 (continued)

*As a lessee (continued)*

##### Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

##### Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

##### *As a lessor*

##### Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

##### Refundable rental deposits

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

##### Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For the six months ended 30 June 2019

## 2. Principal Accounting Policies (continued)

### Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)

#### 2) Summary of effects arising from initial application of IFRS 16

##### *Definition of a lease*

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

##### *As a lessee*

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of office buildings in the People's Republic of China was determined on a portfolio basis; and
- v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of IFRS 16:

As 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5.4%.

For the six months ended 30 June 2019

## 2. Principal Accounting Policies (continued)

**Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)****2) Summary of effects arising from initial application of IFRS 16 (continued)***As a lessee (continued)*

	<b>At 1 January 2019</b>
	RMB'000
Operating lease commitments disclosed as at 31 December 2018	222,828
Less: Recognition exemption – short-term leases	(38,385)
Eliminating the impact of value added taxes	(16,735)
Lease liabilities discounted at relevant incremental borrowing rates	(18,411)
Lease liabilities as at 1 January 2019	149,297
Analysed as:	
Current	56,717
Non-current	92,580
	149,297

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	<b>Right-of-use assets</b>
	RMB'000
Right-of-use assets recognised upon application of IFRS 16	149,297
Reclassified from rental paid in advance	18,332
Reclassified from prepaid lease payments	896,967
Reclassified from trade and other receivables, deposits and prepayments	26,154
Total	1,090,750
By class:	
Leasehold lands	923,121
Buildings	167,629
	1,090,750

For the six months ended 30 June 2019

## 2. Principal Accounting Policies (continued)

### Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)

#### 2) Summary of effects arising from initial application of IFRS 16 (continued)

##### *As a lessor*

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

No impact of transition to IFRS 16 on retained profits at 1 January 2019.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	<b>Carrying amounts previously reported at 31 December 2018</b>	<b>Adjustments</b>	<b>Carrying amounts under IFRS 16 at 1 January 2019</b>
	RMB'000	RMB'000	RMB'000
<b>Non-current Assets</b>			
Prepaid lease payments	896,967	(896,967)	–
Right-of-use assets	–	1,090,750	1,090,750
Rental paid in advance	18,332	(18,332)	–
<b>Current Assets</b>			
Trade and other receivables, deposits and prepayments	6,253,199	(26,154)	6,227,045
<b>Current Liabilities</b>			
Lease liabilities	–	56,717	56,717
<b>Non-current liabilities</b>			
Lease liabilities	–	92,580	92,580

For the purpose of reporting cash flows for the six months ended 30 June 2019, movements have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

For the six months ended 30 June 2019

## 3. Revenue and Segment Information

## A. Disaggregation of revenue from contracts with customers

	For the six months ended 30 June 2019						
	Property sales RMB'000	Hotel operations RMB'000	Project management RMB'000	Design and decoration RMB'000	Sales of construction materials RMB'000	Other business RMB'000	Total RMB'000
Recognised at a point in time	8,918,342	–	–	–	33,339	111,815	9,063,496
Recognised over time	6,971,025	393,480	989,551	1,157,621	–	–	9,511,677
<b>Revenue from contracts with customers</b>	<b>15,889,367</b>	<b>393,480</b>	<b>989,551</b>	<b>1,157,621</b>	<b>33,339</b>	<b>111,815</b>	<b>18,575,173</b>

	For the six months ended 30 June 2018						
	Property sales RMB'000	Hotel operations RMB'000	Project management RMB'000	Design and decoration RMB'000	Sales of construction materials RMB'000	Other business RMB'000	Total RMB'000
Recognised at a point in time	27,732,640	–	–	–	24,685	83,015	27,840,340
Recognised over time	3,687,288	317,218	709,555	953,179	–	–	5,667,240
<b>Revenue from contracts with customers</b>	<b>31,419,928</b>	<b>317,218</b>	<b>709,555</b>	<b>953,179</b>	<b>24,685</b>	<b>83,015</b>	<b>33,507,580</b>

For the six months ended 30 June 2019

## 3. Revenue and Segment Information (continued)

**A. Disaggregation of revenue from contracts with customers (continued)**

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

	For the six months ended 30 June 2019					
	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Total RMB'000
<b>Revenue disclosed in segment information</b>						
External customers	15,889,367	393,480	82,942	989,551	1,302,775	18,658,115
Inter-segment	-	805	-	86,281	562,526	649,612
	<b>15,889,367</b>	<b>394,285</b>	<b>82,942</b>	<b>1,075,832</b>	<b>1,865,301</b>	<b>19,307,727</b>
Adjustment for property rental income	-	-	(82,942)	-	-	(82,942)
Eliminations	-	(805)	-	(86,281)	(562,526)	(649,612)
<b>Revenue from contracts with customers</b>	<b>15,889,367</b>	<b>393,480</b>	<b>-</b>	<b>989,551</b>	<b>1,302,775</b>	<b>18,575,173</b>

	For the six months ended 30 June 2018					
	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Total RMB'000
<b>Revenue disclosed in segment information</b>						
External customers	31,419,928	317,218	26,020	709,555	1,060,879	33,533,600
Inter-segment	-	271	-	3,674	648,848	652,793
	31,419,928	317,489	26,020	713,229	1,709,727	34,186,393
Adjustment for property rental income	-	-	(26,020)	-	-	(26,020)
Eliminations	-	(271)	-	(3,674)	(648,848)	(652,793)
<b>Revenue from contracts with customers</b>	<b>31,419,928</b>	<b>317,218</b>	<b>-</b>	<b>709,555</b>	<b>1,060,879</b>	<b>33,507,580</b>

For the six months ended 30 June 2019

## 3. Revenue and Segment Information (continued)

**B. Segment information**

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

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
<b>For the six months ended 30 June 2019</b>								
Revenue from contracts with customers	15,889,367	393,480	-	989,551	1,302,775	18,575,173	-	18,575,173
Rental income	-	-	82,942	-	-	82,942	-	82,942
Total external segment revenue	15,889,367	393,480	82,942	989,551	1,302,775	18,658,115	-	18,658,115
Inter-segment revenue	-	805	-	86,281	562,526	649,612	(649,612)	-
Total	15,889,367	394,285	82,942	1,075,832	1,865,301	19,307,727	(649,612)	18,658,115
Segment results	2,856,835	43,926	45,417	220,910	23,602	3,190,690	-	3,190,690
Unallocated administrative expenses								(65,846)
Unallocated other income								19,878
Unallocated finance costs								(11,739)
Unallocated taxation								(60,349)
Profit for the period								3,072,634
<b>For the six months ended 30 June 2018</b>								
Revenue from contracts with customers	31,419,928	317,218	-	709,555	1,060,879	33,507,580	-	33,507,580
Rental income	-	-	26,020	-	-	26,020	-	26,020
Total external segment revenue	31,419,928	317,218	26,020	709,555	1,060,879	33,533,600	-	33,533,600
Inter-segment revenue	-	271	-	3,674	648,848	652,793	(652,793)	-
Total	31,419,928	317,489	26,020	713,229	1,709,727	34,186,393	(652,793)	33,533,600
Segment results	3,084,459	51,119	19,257	162,457	2,219	3,319,511	(234)	3,319,277
Unallocated administrative expenses								(91,517)
Unallocated other income								20,053
Unallocated finance costs								(22,113)
Unallocated taxation								(104,608)
Profit for the period								3,121,092

For the six months ended 30 June 2019

## 3. Revenue and Segment Information (continued)

**B. Segment information (continued)**

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

**Segment assets**

	<b>As at 30 June 2019 RMB'000</b>	As at 31 December 2018 RMB'000
Property development	<b>275,276,930</b>	256,113,218
Hotel operations	<b>9,607,359</b>	9,483,752
Property investment	<b>4,274,943</b>	4,189,650
Project management	<b>2,348,670</b>	2,057,916
Others	<b>7,232,630</b>	6,820,664
Total segment assets	<b>298,740,532</b>	278,665,200
Unallocated	<b>1,432,820</b>	1,097,544
Consolidated assets	<b>300,173,352</b>	279,762,744

**Segment liabilities**

	<b>As at 30 June 2019 RMB'000</b>	As at 31 December 2018 RMB'000
Property development	<b>226,222,684</b>	211,484,567
Hotel operations	<b>294,251</b>	292,476
Property investment	<b>242,870</b>	635,451
Project management	<b>1,115,484</b>	1,012,518
Others	<b>5,531,951</b>	5,387,529
Total segment liabilities	<b>233,407,240</b>	218,812,541
Unallocated	<b>1,323,255</b>	831,363
Consolidated liabilities	<b>234,730,495</b>	219,643,904

For the six months ended 30 June 2019

## 4. Other Income

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Interest income	742,855	612,088
Comprehensive service income	6,088	6,856
Dividends from equity instruments at fair value through other comprehensive income	17,740	38,793
Default penalty income	460,651	–
Others	135,127	77,259
	<b>1,362,461</b>	<b>734,996</b>

## 5. Other Gains and Losses

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Net foreign exchange losses	(59,738)	(155,201)
Gain on acquisition of an associate	1,915	–
Gain (loss) on disposal of associates	478	(1,521)
Gain on disposal of property, plant and equipment	264	19,925
	<b>(57,081)</b>	<b>(136,797)</b>

## 6. Finance Costs

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Interest on bank and other borrowings, senior notes, corporate debt instruments and receipts under securitisation arrangements	2,981,557	2,525,911
Interest on leases	4,272	–
Total borrowing costs	2,985,829	2,525,911
Less: Interest capitalised in properties under development and construction in progress	(2,184,939)	(1,898,783)
	<b>800,890</b>	<b>627,128</b>

For the six months ended 30 June 2019

## 7. Profit Before Taxation

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Profit before taxation has been arrived at after charging:		
Salaries and other benefits	1,030,551	1,054,358
Retirement benefits scheme contributions	68,729	54,811
Less: Capitalised in properties under development	(351,978)	(333,091)
	747,302	776,078
Depreciation of property, plant and equipment	256,939	177,970
Less: Capitalised in properties under development	(2,781)	(2,451)
	254,158	175,519
Cost of properties and inventories recognised as an expense	12,537,566	27,283,886
Depreciation of right-of-use assets	67,806	–
Amortisation of prepaid lease payment (included in administrative expenses)	–	12,783

## 8. Taxation

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	1,201,259	1,691,053
PRC Land Appreciation Tax ("LAT")	1,143,355	2,311,748
	2,344,614	4,002,801
Deferred tax:		
EIT	(52,684)	(472,478)
LAT	(277,984)	(1,076,687)
	(330,668)	(1,549,165)
	2,013,946	2,453,636

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.

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% or 15%. Greentown Decoration Project Group Co., Ltd. is a new technology enterprise and the applicable income tax rate from year 2018 to 2020 is 15%.

For the six months ended 30 June 2019

## 8. Taxation (continued)

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

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 2019, the Group has estimated and made a provision for LAT in the amount of RMB1,143,355,000 (for the six months ended 30 June 2018: RMB2,311,748,000). 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.

## 9. Dividends

During the interim period, a final dividend of RMB0.23 per ordinary share, or RMB499,312,000 in total, for the year ended 31 December 2018 (during the six months ended 30 June 2018: RMB0.20 per ordinary share, or RMB433,536,000 in total, for the year ended 31 December 2017) was declared by the Board and approved by the shareholders at the annual general meeting. The final dividend was subsequently paid on 29 July 2019.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: nil).

## 10. 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	
	2019 RMB'000	2018 RMB'000
Profit for the period attributable to the owners of the Company	2,057,571	2,334,963
Distribution related to perpetual securities	(594,351)	(297,131)
Earnings for the purpose of basic earnings per share	1,463,220	2,037,832
Earnings for the purpose of diluted earnings per share	1,463,220	2,037,832

For the six months ended 30 June 2019

## 10. Earnings Per Share (continued)

### Number of shares

	Six months ended 30 June	
	2019	2018
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,168,636,944	2,167,473,494
Effect of dilutive potential ordinary shares:		
Share options	1,027,563	28,925,214
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,169,664,507	2,196,398,708

The computation of diluted earnings per share for the six months ended 30 June 2019 and 30 June 2018 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.

## 11. Movement in Property, Plant and Equipment, Right-of-use Assets

During the current interim period, the Group incurred additional expenditure on property, plant and equipment in the amount of RMB217,136,000 (for the six months ended 30 June 2018: RMB374,605,000).

During the current interim period, the Group entered into additional new lease agreements for office buildings and apartments. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised RMB47,671,000 of right-of-use assets and RMB47,671,000 lease liabilities.

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

For the six months ended 30 June 2019

## 12. Deposit for Acquisition of an Associate

On 17 December 2018, Greentown Real Estate entered into a share transfer agreement (“Agreement”) to acquire 900,000,000 shares of Aeon Life Insurance Company, Ltd. (“Aeon Life”), representing 11.55% of its total shares as at the date of the Agreement, from an independent third party for a total cash consideration of RMB2,718,000,000 (the “Proposed Acquisition”). As the Group will be able to appoint one director to Aeon Life and have a significant influence on Aeon Life, Aeon Life will be accounted for as an associate after the completion of the Proposed Acquisition. As at 31 December 2018, the Group has fully paid the consideration according to the Agreement. The principal terms of the Proposed Acquisition are disclosed in the Group’s 2018 consolidated financial statements.

According to the Agreement, where China Banking and Insurance Regulatory Commission has not issued its approval (the “Approval”) regarding the Proposed Acquisition within the prescribed period after the payment of the purchase price and the Agreement is terminated therefore, the vendor shall refund all the purchase price paid to Greentown Real Estate. As of 23 August 2019, the Approval has not been issued. As such, the Agreement will be terminated pursuant to the terms and provisions thereof, and the vendor shall refund all the purchase price paid to Greentown Real Estate. Therefore, the consideration paid is classified as current assets as at 30 June 2019.

## 13. Properties for Development

Included in properties for development as at 30 June 2019 was an amount of RMB7,964,054,000 (as at 31 December 2018: RMB9,764,276,000) in respect of long-term leasehold land for which the Group was in the process of obtaining the land use rights certificates.

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

## 14. Properties Under Development

	<b>As at 30 June 2019 RMB'000</b>	As at 31 December 2018 RMB'000
Long-term leasehold land – at cost	<b>97,103,938</b>	80,307,127
Development costs	<b>30,533,302</b>	25,948,690
Finance costs capitalised	<b>11,199,740</b>	11,621,050
	<b>138,836,980</b>	117,876,867

Properties under development for sale amounting to RMB94,943,577,000 (as at 31 December 2018: RMB82,333,319,000) are expected to be recovered after more than 12 months from the end of the interim period.

For the six months ended 30 June 2019

## 15. Trade and Other Receivables, Deposits and Prepayments

	<b>As at 30 June 2019 RMB'000</b>	As at 31 December 2018 RMB'000
Trade receivables	<b>1,005,423</b>	979,502
Less: allowance for credit losses	<b>(86,643)</b>	(101,266)
Trade receivables, net of allowance for credit losses	<b>918,780</b>	878,236
Other receivables, net of allowance for credit losses	<b>4,697,824</b>	3,789,485
Prepayments and deposits	<b>1,531,719</b>	1,425,478
Refundable deposit for acquisition of an associate (note 12)	<b>2,718,000</b>	–
Consideration receivables from disposal of subsidiaries	<b>148,000</b>	160,000
	<b>10,014,323</b>	6,253,199

The Group allows an average credit period of 90 days to trade customers. The aging analysis of trade receivables before impairment is stated as follows:

	<b>As at 30 June 2019 RMB'000</b>	As at 31 December 2018 RMB'000
Within 90 days	<b>424,302</b>	548,217
91–180 days	<b>92,524</b>	55,317
181–365 days	<b>233,377</b>	125,062
Over 365 days	<b>255,220</b>	250,906
Trade receivables	<b>1,005,423</b>	979,502

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

For the six months ended 30 June 2019

## 16. Contract Assets

	<b>As at 30 June 2019 RMB'000</b>	As at 31 December 2018 RMB'000
Design and decoration (note)	<b>1,540,014</b>	1,632,114
Project management (note)	<b>327,357</b>	254,971
Less: allowance for credit losses	<b>(15,767)</b>	–
Contract assets, net of allowance for credit losses	<b>1,851,604</b>	1,887,085

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

## 17. Impairment Assessment on Financial Assets and Other Items Subject to Expected Credit Loss ("Ecl") Model

	<b>Six months ended 30 June</b>	
	<b>2019 RMB'000</b>	2018 RMB'000
Impairment loss (reversed) recognised in respect of		
Contract assets	<b>15,767</b>	–
Trade receivables	<b>(14,623)</b>	8,096
Other receivables and amounts due from related parties	<b>(146,494)</b>	59,137
	<b>(145,350)</b>	67,233

During the current interim period, the Group reversed RMB105,706,000 impairment allowance on other receivables, in particular, a specific reversal of RMB100,000,000 has been made to an individual debtor aged more than 5 years due to the repayment of the principal.

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018.

For the six months ended 30 June 2019

## 18. Trade and Other Payables

	<b>As at 30 June 2019 RMB'000</b>	As at 31 December 2018 RMB'000
Trade payables	<b>25,274,307</b>	21,360,831
Other payables and accrued expenses	<b>7,971,707</b>	7,924,311
	<b>33,246,014</b>	29,285,142

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

	<b>As at 30 June 2019 RMB'000</b>	As at 31 December 2018 RMB'000
Within 180 days	<b>21,813,060</b>	17,939,977
181–365 days	<b>1,782,292</b>	1,740,674
Over 365 days	<b>1,678,955</b>	1,680,180
Trade payables	<b>25,274,307</b>	21,360,831

## 19. Bank and Other Borrowings

	<b>As at 30 June 2019 RMB'000</b>	As at 31 December 2018 RMB'000
Secured bank loans	<b>37,217,377</b>	28,501,377
Unsecured bank loans	<b>14,861,703</b>	14,125,008
	<b>52,079,080</b>	42,626,385
Secured other loans	<b>2,617,916</b>	1,524,167
Unsecured other loans	<b>3,490,600</b>	5,490,800
	<b>6,108,516</b>	7,014,967
	<b>58,187,596</b>	49,641,352
The amount is repayable as follows:		
Amounts due within one year	<b>11,971,239</b>	13,482,996
Amounts due after one year	<b>46,216,357</b>	36,158,356
	<b>58,187,596</b>	49,641,352

For the six months ended 30 June 2019

## 19. Bank and Other Borrowings (continued)

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

	<b>As at 30 June 2019 RMB'000</b>	As at 31 December 2018 RMB'000
Secured bank loans, guaranteed by: Non-controlling shareholders of subsidiaries	<b>2,486,878</b>	2,583,695
Unsecured bank loans, guaranteed by: Non-controlling shareholders of subsidiaries	<b>2,211,500</b>	1,130,900

## 20. Senior Notes

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

	<b>RMB'000</b>
At 1 January 2019	<b>3,355,113</b>
Exchange realignment	<b>6,728</b>
Interest charged during the interim period	<b>123,154</b>
Interest paid/payable during the interim period	<b>(100,442)</b>
At 30 June 2019	<b>3,384,553</b>

The senior 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 is insignificant on 31 December 2018 and 30 June 2019.

For the six months ended 30 June 2019

## 21. Corporate Debt Instruments

The summary of movements of corporate debt instruments during the interim period is set out below:

	<b>RMB'000</b>
At 1 January 2019	<b>26,866,599</b>
Fair value at the date of issuance (note)	<b>496,113</b>
Interest charged during the interim period	<b>716,908</b>
Interest paid/payable during the interim period	<b>(689,623)</b>
Principal repaid during the interim period upon maturity	<b>(4,000,000)</b>
At 30 June 2019	<b>23,389,997</b>
Less: Amounts puttable within one year shown under current liabilities	<b>(4,493,390)</b>
Amounts due within one year shown under current liabilities	<b>(1,495,993)</b>
Amounts shown under non-current liabilities	<b>17,400,614</b>

Note:

On 22 January 2019, the Issuer issued the first tranche of corporate bonds with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "2019 Bonds"). The 2019 Bonds carry interest at the rate of 3.98% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB496,113,000. The 2019 Bonds will mature on 22 January 2024.

The Issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the 2019 Bonds at the end of the third year ("2019 Coupon Rate Adjustment Right").

The principal terms of the 2019 Corporate Bonds are as follows:

- (i) the 2019 Bonds has fixed interest rate in the first three years. At the end of the third year, the Issuer has the right to adjust the coupon rate of the remaining outstanding bonds. If the Issuer choose to exercise the 2019 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years plus adjusting basis points;
- (ii) the investors of the 2019 Bonds have option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest, if any, to (but not including) the redemption date when the Issuer issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the third year;

Further details of the 2019 Corporate Bonds are published on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)).

For the six months ended 30 June 2019

## 21. Corporate Debt Instruments (continued)

The 2019 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 year is calculated by applying an effective interest rate of approximately 3.98% 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 2019, the Group has had no plan nor intention to exercise the 2019 Coupon Rate Adjustment Right of the corporate bonds, therefore the interest expense for the interim period were calculated using the original coupon rates of the 2019 Corporate Bonds.

## 22. Receipts Under Securitisation Arrangements

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

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

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

	<b>RMB'000</b>
At 1 January 2019	<b>1,595,196</b>
Interest charged during the interim period	<b>41,307</b>
Interest paid/payable during the interim period	<b>(39,675)</b>
At 30 June 2019	<b>1,596,828</b>

For the six months ended 30 June 2019

## 23. Share Capital

	Number of shares	Share capital HKD'000
<i>Authorised</i>		
Ordinary shares of HKD0.10 each At 1 January 2019 and 30 June 2019	10,000,000,000	1,000,000
<i>Issued and fully paid</i>		
Ordinary shares of HKD0.10 each As at 1 January 2019	2,168,675,690	216,868
Exercise of share options	2,244,500	224
As at 30 June 2019	2,170,920,190	217,092
		<b>RMB'000</b>
Shown on the condensed consolidated statement of financial position As at 31 December 2018		209,501
As at 30 June 2019		209,694

## 24. Perpetual Securities

**2014 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 "2014 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 2014 USD Perpetual Securities.

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

As the 2014 USD Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

On 28 January 2019, Moon Wise redeemed the 2014 USD Perpetual Securities with an outstanding principal of USD500,000,000 (approximately RMB3,394,479,000) in full face value and repaid provided but not paid interest with an aggregate amount of USD522,500,000 (approximately RMB3,547,034,000).

For the six months ended 30 June 2019

### 24. Perpetual Securities (continued)

#### **2016 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 callable 2019 (the “2016 USD Perpetual Securities”) with an aggregate principal amount of USD400,000,000. The 2016 USD Perpetual Securities are unlisted, guaranteed by the Company, and benefit from a keepwell deed and deed of equity interest purchase undertaking provided by China Communications Construction Group (Limited) (“CCCCG”).

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

As the 2016 USD Perpetual Securities only impose contractual obligations on the Group to repay the principal or to pay any distributions under certain circumstances which are at the Group’s discretion, they have in substance conferred upon the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

On 22 April 2019, Apex Top redeemed the 2016 USD Perpetual Securities with an outstanding principal of USD400,000,000 (approximately RMB2,687,868,000) in full at face value and repaid provided but not paid interest with an aggregate amount of USD411,000,000 (approximately RMB2,761,689,000).

#### **2017 USD Perpetual Securities**

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

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

As the 2017 USD Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group’s discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

For the six months ended 30 June 2019

## 24. Perpetual Securities (continued)

### 2018 USD Perpetual Securities

On 28 December 2018, Twinkle Lights Holdings Limited (“Twinkle Lights”), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the “2018 USD Perpetual Securities”) with an aggregate principal amount of USD500,000,000. The 2018 USD Perpetual Securities are unlisted, guaranteed by the Company, and also benefit from a keepwell deed and deed of equity interest purchase undertaking provided by CCCG.

The principal terms of the 2018 USD Perpetual Securities are disclosed in the Group’s 2018 consolidated financial statements.

As the 2018 USD Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group’s discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

### 2019 First USD Perpetual Securities

On 8 February 2019, Champion Sincerity Holdings Limited (“Champion Sincerity”), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the “2019 First 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 Champion Sincerity under the 2019 First USD Perpetual Securities.

Under the terms and conditions of the 2019 First USD Perpetual Securities (the “2019 First USD Perpetual Securities T&Cs”), the holders of the 2019 First USD Perpetual Securities (“2019 First USD Perpetual Securities Holders”) have a right to receive distribution at the applicable distribution rate from 8 February 2019 semi-annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, 8 February 2019 to, but excluding, 8 February 2022, Initial Distribution Rate (as defined in the 2019 First USD Perpetual Securities T&Cs); and (ii) in respect of the periods (A) from, and including, 8 February 2022 to, but excluding, the immediately following Reset Date and (B) from, and including, each Reset Date falling after 8 February 2022 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2019 First USD Perpetual Securities T&Cs). A “Reset Date” is defined as each day falling every 3 calendar years after 8 February 2022.

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## 24. Perpetual Securities (continued)

### 2019 First USD Perpetual Securities (continued)

Champion Sincerity may at its sole discretion elect to defer any scheduled distribution to the next distribution payment date by giving prior written notice to the 2019 First USD Perpetual Securities Holders in accordance with the 2019 First Perpetual Securities T&Cs. Champion Sincerity may further defer any arrears of distribution following the notice requirement in accordance with the 2019 First USD Perpetual Securities T&Cs and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred but unless and until (i) Champion Sincerity or the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount or (ii) it is permitted by a resolution passed by a majority of not less than three quarters of the votes casted at a duly convened meeting of 2019 First USD Perpetual Securities Holders, each of Champion Sincerity and the Company shall not (i) declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on any class of the share capital or other junior securities of Champion Sincerity and the Company (as applicable); or (ii) redeem, reduce, cancel, buy-back or acquire for any consideration any class of the share capital or other junior securities of Champion Sincerity and the Company (as applicable).

As the 2019 First USD Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

### 2019 Second USD Perpetual Securities

On 8 February 2019, Champion Sincerity issued USD denominated guaranteed senior perpetual capital securities (the "2019 Second USD Perpetual Securities") with an aggregate principal amount of USD100,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Champion Sincerity under the 2019 Second USD Perpetual Securities.

Under the terms and conditions of the 2019 Second USD Perpetual Securities (the "2019 Second USD Perpetual Securities T&Cs"), the holders of the 2019 Second USD Perpetual Securities ("2019 Second USD Perpetual Securities Holders") have a right to receive distribution at the applicable distribution rate from 8 February 2019 semi-annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, 8 February 2019 to, but excluding, 8 February 2022, Initial Distribution Rate (as defined in the 2019 Second USD Perpetual Securities T&Cs); and (ii) in respect of the periods (A) from, and including, the 8 February 2022 to, but excluding, the immediately following Reset Date and (B) from, and including, each Reset Date falling after the 8 February 2022 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2019 Second USD Perpetual Securities T&Cs). A "Reset Date" is defined as each day falling every 3 calendar years after 8 February 2022.

For the six months ended 30 June 2019

## 24. Perpetual Securities (continued)

### **2019 Second USD Perpetual Securities (continued)**

Champion Sincerity may at its sole discretion elect to defer any scheduled distribution to the next distribution payment date by giving prior written notice to the 2019 Second USD Perpetual Securities Holders in accordance with the 2019 Second USD Perpetual Securities T&Cs. Champion Sincerity may further defer any arrears of distribution following the notice requirement in accordance with the 2019 Second USD Perpetual Securities T&Cs and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred but unless and until (i) Champion Sincerity or the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount or (ii) it is permitted by a resolution passed by a majority of not less than three quarters of the votes casted at a duly convened meeting of 2019 Second USD Perpetual Securities Holders, each of Champion Sincerity and the Company shall not (i) declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on any class of the share capital or other junior securities of Champion Sincerity and the Company (as applicable); or (ii) redeem, reduce, cancel, buy-back or acquire for any consideration any class of the share capital or other junior securities of Champion Sincerity and the Company (as applicable).

As the 2019 Second USD Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

### **2018 First Domestic Perpetual Securities**

On 26 October 2018, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2018 First Domestic Perpetual Securities") with an aggregate principal amount of RMB1,400,000,000.

The principal terms of the 2018 First Domestic Perpetual Securities are disclosed in the Group's 2018 consolidated financial statements.

As the 2018 First Domestic Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

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## 24. Perpetual Securities (continued)

### 2018 Second Domestic Perpetual Securities

On 3 December 2018, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the “2018 Second Domestic Perpetual Securities”) with an aggregate principal amount of RMB2,000,000,000.

The principal terms of the 2018 Second Domestic Perpetual Securities are disclosed in the Group’s 2018 consolidated financial statements.

As the 2018 Second Domestic Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group’s discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

### 2019 First Domestic Perpetual Securities

On 29 January 2019, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the “2019 First Domestic Perpetual Securities”) with an aggregate principal amount of RMB2,000,000,000.

Under the terms and conditions of the 2019 First Domestic Perpetual Securities (the “2019 First Domestic Perpetual Securities T&Cs”), the holders of the 2019 First Domestic Perpetual Securities have a right to receive distribution at the applicable distribution rate from 29 January 2019 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, 29 January 2019 to, but excluding, 29 January 2022, Initial Distribution Rate (as defined in the 2019 First Domestic Perpetual Securities T&Cs); and (ii) in respect of the periods from, and including, each Reset Date falling after 29 January 2019 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2019 First Domestic Perpetual Securities T&Cs). A Reset Date is defined as each day falling every 3 calendar years after 29 January 2019.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

As the 2019 First Domestic Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group’s discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

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## 24. Perpetual Securities (continued)

### 2019 Second Domestic Perpetual Securities

On 24 April 2019, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the “2019 Second Domestic Perpetual Securities”) with an aggregate principal amount of RMB2,600,000,000.

Under the terms and conditions of the 2019 Second Domestic Perpetual Securities (the “2019 Second Domestic Perpetual Securities T&Cs”), the holders of the 2019 Second Domestic Perpetual Securities have a right to receive distribution at the applicable distribution rate from 24 April 2019 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, 24 April 2019 to, but excluding, 24 April 2022, Initial Distribution Rate (as defined in the 2019 Second Domestic Perpetual Securities T&Cs); and (ii) in respect of the periods from, and including, each Reset Date falling after 24 April 2019 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2019 Second Domestic Perpetual Securities T&Cs). A Reset Date is defined as each day falling every 3 calendar years after 24 April 2019.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

As the 2019 Second Domestic Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group’s discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

### 2019 Third Domestic Perpetual Securities

On 19 June 2019, Greentown Real Estate issued unlisted and unsecured domestic perpetual securities (the “2019 Third Domestic Perpetual Securities”) with an aggregate principal amount of RMB500,000,000.

Under the terms and conditions of the 2019 Third Domestic Perpetual Securities (the “2019 Third Domestic Perpetual Securities T&Cs”), the holders of the 2019 Third Domestic Perpetual Securities have a right to receive distribution at the applicable distribution rate from 19 June 2019 quarterly in arrears. The distribution rate shall be (i) in respect of the period from, and including, 19 June 2019 to, but excluding, 19 June 2021, Initial Distribution Rate (as defined in the 2019 Third Domestic Perpetual Securities T&Cs); and (ii) in respect of the periods from, and including, each Reset Date falling after 19 June 2019 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2019 Third Domestic Perpetual Securities T&Cs). A Reset Date is defined as each day falling every calendar year after 19 June 2020.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

As the 2019 Third Domestic Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group’s discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

In the current interim period, the total interest in perpetual securities recognised as distribution is RMB835,986,000. The weighted average interest rate in perpetual securities is 6.92 % as at 30 June 2019.

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## 25. Fair Value Measurements of Financial Instruments

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

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

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

Financial instrument	Fair value RMB'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
Listed equity investments at fair value through other comprehensive income ("FVTOCI")	Assets: 770,919 (31 December 2018: Assets: 730,162)	Level 1	Quoted bid prices in an active market.	N/A
Unquoted equity investments at FVTOCI	Assets: 532,729 (31 December 2018: Assets: 545,520)	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.	Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 10.7-48.0 per cent (2018: 10.7-48.0 per cent).

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## 25. Fair Value Measurements of Financial Instruments (continued)

**Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (continued)****Reconciliation of Level 3 fair value measurements of financial assets**

	<b>Unquoted equity investments RMB'000</b>
At 1 January 2018	326,235
Acquisition of subsidiaries	(4,418)
Disposal of subsidiaries	453
Disposals	(1,054)
	321,216
At 1 January 2019	<b>545,520</b>
Disposals	<b>(12,791)</b>
At 30 June 2019	<b>532,729</b>

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:

	<b>As at 30 June 2019</b>		As at 31 December 2018	
	<b>Carrying amount of liability component RMB'000</b>	<b>Fair value RMB'000</b>	Carrying amount of liability component RMB'000	Fair value RMB'000
<b>Financial liabilities</b>				
Senior notes (Level 2)	<b>3,384,553</b>	<b>3,487,638<sup>1</sup></b>	3,355,113	3,360,155 <sup>1</sup>
Corporate debt instruments (Level 2)	<b>23,389,997</b>	<b>23,850,489<sup>1</sup></b>	26,866,599	27,353,999 <sup>1</sup>
Receipts under securitisation arrangements (Level 2)	<b>1,596,828</b>	<b>1,600,000<sup>1</sup></b>	1,595,196	1,600,000 <sup>1</sup>

<sup>1</sup> Based on quoted price

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

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## 26. Share-Based Payment Transactions

The Company has share option schemes for eligible employees of the Group. Outstanding share options of 78,900,000 are granted in prior year but not vested. 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 2019	143,419,500	9.30
Exercised during the interim period	(2,244,500)	4.32
Expired during the interim period	(32,275,000)	10.55
Outstanding as at 30 June 2019	108,900,000	9.04

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 HKD6.68 (for the six months ended 30 June 2018: HKD12.46).

On 21 March 2019, the Company adopted the share award scheme (the "Share Award Scheme"), pursuant to which the ordinary shares of the Company (the "Shares") to be awarded will be purchased by the trustee from the open market out of cash contributed by the Group and held on trust for the selected employees until such Shares are vested with the relevant selected employees in accordance with the provisions of the Share Award Scheme.

The purpose of the Share Award Scheme is to recognise and reward the contribution of the executives and employees (whether serving full-time or part-time) and directors of the Group to the growth and development of the Group through an award of the shares of the Company.

The Group has granted 7,414,000 shares to the employees and directors in the current interim period. The vesting period for the first 50% of the granted shares was from date of grant to the 1st anniversary of grant date and the vesting period for the second 50% of the granted shares was from date of grant to the 2nd anniversary of grant date.

The carrying amount of 7,414,000 shares repurchased and held for the Share Award Scheme was RMB37,852,000 as at 30 June 2019. The Group has recognised the total expense of RMB1,751,000 in the profit or loss in relation to Shares granted under Share Award Scheme.

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## 27. Acquisition of Subsidiaries

Particulars of the subsidiaries acquired during the six months ended 30 June 2019 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
山東東城置業有限公司 Shandong Dongcheng Real Estate Co., Ltd. ("Shandong Dongcheng") (Note (i))	Real estate development	21 February 2019	51%	397,968
山東綠城青和建築設計有限公司 Shandong Greentown Qinghe Construction and Design Co., Ltd. ("Shandong Qinghe") (Note (ii))	Design and Decoration Management	6 March 2019	51%	–
北京東部綠城置業有限公司 Beijing Dongbu Greentown Real Estate Co., Ltd. ("Beijing Dongbu") (Note (iii))	Real estate development	22 April 2019	51%	45,262
				443,230

Notes:

- (i) Greentown Real Estate acquired 51% equity interests of Shandong Dongcheng so as to continue the expansion of the Group's property development operation. Shandong Dongcheng was previously a 49%-owned joint venture of the Group.
- (ii) Greentown Real Estate Project Management Group Co., Ltd., a wholly-owned subsidiary of the Company, obtained 51% equity interest of Shandong Qinghe by capital injection of RMB3,120,000 so as to continue the expansion of the Group's design and decoration operation.
- (iii) Beijing Greentown Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 51% equity interests of Beijing Dongbu so as to continue the expansion of the Group's property development operation. Beijing Dongbu was previously a 49%-owned associate of the Group.

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## 27. Acquisition of Subsidiaries (continued)

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

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
濟南東創置業有限公司 Ji'nan Dongchuang Real Estate Co., Ltd. ("Ji'nan Dongchuang") (Note (i))	Real estate development	1 January 2018	–	–
西安國際陸港文遠置業有限公司 Xi'an International Lugang Wenyuan Real Estate Co., Ltd. ("Xi'an Wenyuan") (Note (ii))	Real estate development	5 January 2018	51%	235,056
德清青城房地產開發有限公司 Deqing Qingcheng Real Estate Development Co., Ltd. ("Deqing Qingcheng") (Note (iii))	Real estate development	8 January 2018	90%	445,000
杭州碩欒投資管理有限公司 Hangzhou Shuoli Investment Management Co., Ltd. ("Hangzhou Shuoli") (Note (iv))	Investment Holding	16 March 2018	100%	100
余姚綠潤投資有限公司 Yuyao Lvrn Investment Co., Ltd. ("Yuyao Lvrn") (Note (iv))	Investment Holding	16 March 2018	93%	–
余姚綠城房地產開發有限公司 Yuyao Greentown Real Estate Development Co., Ltd. ("Yuyao Greentown") (Note (iv))	Real estate development	16 March 2018	53%	–
西安國際陸港文廣置業有限公司 Xi'an International Lugang Wenguang Real Estate Co., Ltd. ("Xi'an Wenguang") (Note (v))	Real estate development	18 April 2018	51%	–
				680,156

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## 27. Acquisition of Subsidiaries (continued)

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

Notes:

- (i) Shandong Greentown Investment Real Estate Co., Ltd., a wholly-owned subsidiary of the Company, obtained control over Ji'nan Dongchuang by entering into the acting in concert agreement with another shareholder which held 50% equity interests of Ji'nan Dongchuang so as to continue the expansion of the Group's property development operation. Ji'nan Dongchuang was previously a 50%-owned joint venture of the Group.
- (ii) Xi'an Greentown Gangcheng Real Estate Development Co., Ltd. ("Xi'an Greentown Gangcheng"), a wholly-owned subsidiary of the Company, acquired 51% equity interests of Xi'an Wenyuan so as to continue the expansion of the Group's property development operation.
- (iii) Greentown Ideal Town Construction Group Co., Ltd., a wholly-owned subsidiary of the Company acquired 90% equity interests of Deqing Qingcheng so as to continue the expansion of the Group's property development operation.
- (iv) Zhejiang Greentown Real Estate Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired entire 100% equity interest of Hangzhou Shuoli so as to continue the expansion of the Group's property development operation. Yuyao Lvrui and Yuyao Greentown are the subsidiaries of Hangzhou Shuoli, therefore were also acquired by the Group. Yuyao Greentown was previously a 47%-owned joint venture of the Group and the Group owned 7.5% equity interests of Yuyao Lvrui and accounted it as available-for-sale investments in prior periods.
- (v) Xi'an Greentown Gangcheng obtained 51% equity interests of Xi'an Wenguang so as to continue the expansion of the Group's property development operation.

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

	Six months ended 30 June	
	2019 Total RMB'000	2018 Total RMB'000
Net assets acquired:		
Property, plant and equipment	483	1,339
Deferred tax assets	70	19,156
Properties for development	–	4,822,396
Properties under development	2,587,629	4,519,225
Completed properties for sale	93,983	13,019
Trade and other receivables, deposits and prepayments	21,451	559,238
Contract costs	–	29,085
Amounts due from related parties	781,311	2,056,809
Prepaid income taxes	59	178,198
Prepaid other taxes	1,854	188,724
Bank balances and cash	203,524	578,093
Trade and other payables	(218,760)	(2,055,908)
Contract liabilities	(10,863)	(5,421,210)
Amounts due to related parties	(1,039,152)	(109,485)
Income taxes payable	(168,936)	(5,879)
Other taxes payable	(24)	(1,547)
Bank and other borrowings	(1,320,000)	(1,267,000)
Deferred tax liabilities	(60,878)	(1,231,091)
	<b>871,751</b>	2,873,162
Non-controlling interests	(2,672)	(1,234,230)
	<b>869,079</b>	1,638,932

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## 27. Acquisition of Subsidiaries (continued)

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

	Six months ended 30 June	
	2019 Total RMB'000	2018 Total RMB'000
Less:		
Transferred from interests previously held and classified as associates and joint ventures	(382,362)	(363,606)
Transferred from interests previously held and classified as investments in equity instrument at FVTOCI	–	(4,418)
Gain on re-measurement of an associate and a joint venture to acquisition date fair value in business combination achieved in stages (note)	(43,487)	(590,752)
	<b>443,230</b>	680,156
Total consideration, satisfied by:		
Cash	45,262	380,056
Consideration payables	397,968	300,100
	<b>443,230</b>	680,156
Net cash inflow arising on acquisition:		
Cash paid	(45,262)	(145,000)
Bank balances and cash acquired	203,524	578,093
	<b>158,262</b>	433,093

Note: The Group's 49% equity interest in Beijing Dongbu, which was previously accounted for as an associate, was remeasured to its fair value upon acquisition, resulting in a gain of RMB43,487,000 in the interim period.

The receivables acquired (which principally comprised trade and other receivables, deposits and prepayments and amounts due from related parties) with a fair value of RMB802,762,000 at the date of acquisition had gross contractual amounts of RMB802,762,000, 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 RMB2,672,000.

The subsidiaries acquired contributed RMB73,943,000 in revenue to the Group between the date of acquisition and the end of the interim period.

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## 27. Acquisition of Subsidiaries (continued)

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

The losses attributable to the subsidiaries amounted to RMB18,405,000 have been recognised in the Group's profit for the interim period between the date of acquisition and the end of the interim period. The profits attributable to the subsidiaries amounted to RMB1,717,000 have been recognised in the Group's profit for the interim period between the date of acquisition and the end of the interim period.

Had the acquisition of these subsidiaries been effected at 1 January 2019, the total amount of revenue of the Group for the interim period would have been RMB18,659,251,000, and the amount of the profit for the interim period would have been RMB3,101,322,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

## 28. Disposal of Subsidiaries

In January 2019, the Group disposed of its 70% equity interests in Hangzhou Zhaolian Investment Co., Ltd. ("Hangzhou Zhaolian") to an independent third party for a cash consideration of RMB5,019,000. Guangzhou Lvzhen Real Estate Development Co., Ltd. ("Guangzhou Lvzhen") is a wholly-owned subsidiary of Hangzhou Zhaolian, therefore was also disposed by the Group. After the disposal, Hangzhou Zhaolian and Guangzhou Lvzhen were accounted for as associates of the Group.

In April 2019, the Group disposed of its 70% equity interests in Greentown Yonglong Decoration and Construction Co., Ltd. to an independent third party for a cash consideration of RMB93,220,000.

In May 2019, the Group's interest diluted was from 100% to 33% equity interests in Tianjin Jiayi Real Estate Development Co., Ltd. ("Tianjin Jiayi") due to capital injection by two independent third parties. After the deemed disposal, Tianjin Jiayi was accounted for as a joint venture of the Group.

In June 2019, the Group disposed of its 50% equity interests in Hangzhou Zhaozhen Investment Co., Ltd. ("Hangzhou Zhaozhen") to an independent third party for a cash consideration of RMB25,000,000. Hangzhou Greentown Yinhu Real Estate Development Co., Ltd. ("Hangzhou Yinhu") is a wholly-owned subsidiary of Hangzhou Zhaozhen, therefore was also disposed by the Group. After the disposal, Hangzhou Zhaozhen and Hangzhou Yinhu were accounted for as joint ventures of the Group.

In June 2019, the Group disposed of its 50% equity interests in Foshan Lv Kang Real Estate Development Co., Ltd. ("Foshan Lv Kang") to an independent third party for a cash consideration of RMB2,500,000. After the disposal, Foshan Lv Kang was accounted for as a joint venture of the Group.

For the six months ended 30 June 2019

**28. Disposal of Subsidiaries (continued)**

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

	<b>Six months ended 30 June 2019 RMB'000</b>
Net assets disposed of:	
Property, plant and equipment	3,131
Right-of-use assets	8,553
Properties for development	2,889,488
Properties under development	5,227,990
Inventories	80,247
Trade and other receivables, deposits and prepayments	225,788
Amounts due from related parties	459,830
Contract assets	80,216
Prepaid income taxes	34,993
Prepaid other taxes	118,200
Bank balances and cash	848,635
Deferred tax assets	18,744
Contract liabilities	(1,451,799)
Trade and other payables	(1,893,785)
Amounts due to related parties	(3,970,846)
Lease liability	(8,553)
Income taxes payables	(32,357)
Other taxes payables	(10,097)
Bank borrowings	(2,503,000)
Deferred tax liabilities	(860)
	<b>124,518</b>
Transferred to interests held and classified as associates and joint ventures	(14,162)
Net gain on disposal of subsidiaries	42,371
Non-controlling interests	(26,988)
Total consideration	<b>125,739</b>
Total consideration, satisfied by:	
Cash received	93,220
Consideration receivable	32,519
	<b>125,739</b>
Net cash inflow arising on disposal:	
Cash received	93,220
Bank balances and cash disposed of	(848,635)
	<b>(755,415)</b>

For the six months ended 30 June 2019

## 29. Commitments

	<b>As at 30 June 2019 RMB'000</b>	As at 31 December 2018 RMB'000
Commitments contracted for but not provided in the condensed consolidated financial statements in respect of: Properties for development, properties under development and construction in progress	<b>27,984,519</b>	25,908,743

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

	<b>As at 30 June 2019 RMB'000</b>	As at 31 December 2018 RMB'000
Contracted for but not provided in respect of properties for development and properties under development	<b>2,060,502</b>	3,008,069

## 30. Pledge of Assets

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

	<b>As at 30 June 2019 RMB'000</b>	As at 31 December 2018 RMB'000
Property, plant and equipment	<b>3,731,349</b>	2,632,015
Rights-of-use assets	<b>366,878</b>	–
Prepaid lease payment	–	308,532
Properties for development	<b>335,823</b>	831,446
Properties under development	<b>66,181,152</b>	54,505,737
Completed properties for sale	<b>782,806</b>	793,258
Investment properties	<b>2,316,143</b>	2,423,938
Amount due from related parties	<b>500,000</b>	500,000
Trade and other receivables, deposits and prepayments	<b>72,125</b>	–
Pledged bank deposits	<b>1,548,383</b>	4,871,831
Interests in associates	<b>159,800</b>	147,881
	<b>75,994,459</b>	67,014,638

For the six months ended 30 June 2019

### 31. Contingent Liabilities

#### Guarantees

The Group provided guarantees of RMB32,464,889,000 as at 30 June 2019 (as at 31 December 2018: RMB33,937,731,000) 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:

	<b>As at 30 June 2019 RMB'000</b>	As at 31 December 2018 RMB'000
<i>Credit guarantees provided to:</i>		
Associates	<b>7,650,548</b>	7,831,428
Joint ventures	<b>9,972,223</b>	8,338,367
	<b>17,622,771</b>	16,169,795
<i>Mortgage and charge guarantees provided to:</i>		
Joint ventures	<b>175,000</b>	175,000
Total	<b>17,797,771</b>	16,344,795

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

	<b>As at 30 June 2019 RMB'000</b>	As at 31 December 2018 RMB'000
Share of mortgage loan guarantees provided by associates to banks in favour of its customers	<b>3,432,913</b>	5,494,304

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

	<b>As at 30 June 2019 RMB'000</b>	As at 31 December 2018 RMB'000
Share of mortgage loan guarantees provided by joint ventures to banks in favour of its customers	<b>1,350,380</b>	1,076,336

The directors consider that the fair value of the above guarantees is insignificant on initial recognition and there was no loss allowance recognised for expected credit losses during the interim period (2018: nil).

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## 32. Related Party Disclosures

- (i) **During the six months ended 30 June 2019, 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	
	2019 RMB'000	2018 RMB'000
Sales of materials to joint ventures and associates (note)	–	10,376
Construction service income from joint ventures and associates (note)	13,845	7,607
Rental expenses paid/payable to Shareholders' companies	3,329	4,661
Purchases from associates (note)	75,500	41,972
Interest income arising from amounts due from:		
– associates (note)	130,884	104,401
– joint ventures (note)	167,844	239,480
– non-controlling shareholders	99,947	18,874
Interest expense arising from amounts due to:		
– associates (note)	50,827	7,416
– joint ventures (note)	50,143	91,138
– non-controlling shareholders	64,533	204,159
– Shareholders' companies	5,280	18,938
Advertising expenses paid/payable to a joint venture (note)	51,887	50,000
Comprehensive service income from associates (note)	3,489	1,196
Hotel management fees paid/payable to Shareholders' companies	1,313	1,539
Hotel service income from joint ventures and associates (note)	–	589
Rental income from joint ventures (note)	–	2,315
Interior decoration service income from:		
– associates (note)	105,670	163,658
– joint ventures (note)	56,186	32,149
– Shareholders' companies	34	287
Healthcare service fee to Shareholders' companies	–	678
Landscape construction fee to associates (note)	–	3,697
Educational services framework fee to Shareholders' companies	2,476	39
Construction design fees paid to non-controlling shareholders	–	4,719

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

The transactions above are presented net of taxes.

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

Before May 2019, Mr SONG Weiping, Ms XIA Yibo and CCCG were each a "Shareholder", and collectively the "Shareholders", of the Company. After May 2019, CCCG is a "Shareholder" of the Company. Shareholders' Companies represent companies owned by the Shareholders and affiliates.

For the six months ended 30 June 2019

### 32. Related Party Disclosures (continued)

- (ii) **During the six months ended 30 June 2019, in addition to those disclosed in note 27, the Group made the following acquisitions from related parties:**

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Acquisitions of additional interests in subsidiaries from non-controlling shareholders	97,567	287,854

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

The remuneration of directors and other members of key management during the six months ended 30 June 2019 was as follows:

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Short-term benefits	12,983	13,055
Post-employment benefits	154	130
Share-based payment (note)	21,847	40,032
	<b>34,984</b>	53,217

Note: The Group recognised the expense in the profit or loss in relation to shares granted but not vested under share option schemes and share award scheme.

### 33. Events After the Reporting Period

The following significant events took place subsequent to 30 June 2019:

On 15 July 2019, the Group entered into a share transfer and shareholders' cooperation agreement with other party and CCCC Southwest Investment and Development Co., Ltd., a subsidiary of CCCG, in relation to the Chengdu Greentown Sichuan Cuisine Town Business Co., Ltd., a wholly owned subsidiary of the Company. Pursuant to the agreement, Chengdu Greentown Sichuan Cuisine Town Business Co., Ltd., would be owned by the Group, CCCC Southwest Investment and Development Co., Ltd., and other party as to 60%, 20% and 20%, respectively, and would remain a subsidiary of the Company. The transfer of equity interest was completed in August 2019.

In accordance with the relevant agreement signed by the Group on 17 December 2018 to acquire Aeon Life, where China Banking and Insurance Regulatory Commission has not issued its approval (the "Approval") regarding the Proposed Acquisition within the prescribed period after the payment of the purchase price and the share transfer agreement is terminated therefore, the vendor shall refund all the purchase price paid to Greentown Real Estate. As of 23 August 2019, the Approval has not yet been issued. As such, the share transfer agreement will be terminated pursuant to the terms and provisions thereof, and the vendor shall refund all the purchase price paid to Greentown Real Estate.

### 34. Reclassification

The Group reclassified (provision) reversal of impairment losses on trade and other receivables, impairment losses on amounts due from related parties to the line item "impairment losses under expected credit loss model, net of reversal" and impairment losses on completed properties for sale to the line item "impairment losses on non-financial assets, net of reversal" in the condensed consolidated statement of profit or loss and other comprehensive income, therefore, the comparative amounts have also been reclassified.

# Definition

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

2006 Share Option Scheme	The share option scheme adopted by a resolution of the shareholders of the Company on 22 June 2006
Board	The Board of Directors of the Company
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 Group	Greentown China Holdings Limited and its subsidiaries together with its joint ventures and associates
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
Group	Greentown China Holdings Limited and its subsidiaries
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
Period/Reporting Period	The six months ended 30 June 2019
PRC/China	The People's Republic of China

## Definition

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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Design and Production by: iOne Financial Press Limited  
Website: [www.ione.com.hk](http://www.ione.com.hk)

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