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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

HIGHLIGHTS

- Total contracted sales achieved RMB75.4 billion, representing a year-on-year increase of 26.7% from RMB59.5 billion;
- Revenue amounted to RMB33.53 billion, representing a year-on-year increase of 220.9% from RMB10.45 billion; profit before taxation amounted to RMB5.57 billion, representing a year-on-year increase of 111% from RMB2.64 billion;
- Net profit amounted to RMB3.12 billion, representing a year-on-year increase of 145.7% from RMB1.27 billion; profit attributable to the owners of the Company amounted to RMB2.33 billion, which increased by 90% year-on-year from RMB1.23 billion;
- Basic earnings per share was RMB0.94, representing a year-on-year increase of 104.3% from RMB0.46;
- As at 30 June 2018, bank balances and cash (including pledged bank deposits) totaled RMB44.42 billion (as at 31 December 2017: RMB35.98 billion), which was 1.8 times of the balance of borrowings due within one year; net gearing ratio remained stable at 55.1%;
- The weighted average interest cost of total borrowings was 5.3% per annum, representing a remarkable reduction from 5.6% per annum of the corresponding period of last year;
- 19 parcels of land were added, with a total GFA of approximately 4.40 million sqm, and total land cost amounted to approximately RMB24.8 billion (of which RMB18.4 billion was paid by Greentown).

The board of directors (the "Board") of Greentown China Holdings Limited ("Greentown" or the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2018 (the "Reporting Period" or the "Period") prepared in accordance with the International Financial Reporting Standards, together with comparative figures for the corresponding period in 2017. The interim results have been reviewed by the audit committee of the Company (the "Audit Committee") and approved by the Board. The following financial information is extracted from the unaudited condensed consolidated financial statements in the Group's 2018 interim report to be published by the Group.

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**33,533,600**	10,449,095
Cost of sales		**(27,455,337)**	(8,401,054)
Gross profit		**6,078,263**	2,048,041
Other income	*4*	**734,996**	348,951
Other gains and losses		**(136,797)**	233,693
Selling expenses		**(530,128)**	(521,942)
Administrative expenses		**(1,245,869)**	(924,971)
Finance costs	*5*	**(627,128)**	(736,038)
(Provision) reversal of impairment losses on trade and other receivables		**(28,699)**	8,266
Impairment losses on amounts due from related parties		**(38,534)**	(32,381)
Impairment losses on completed properties for sale		**(14,970)**	(39,489)
Gain from changes in fair value of an investment property		**–**	252,214
Fair value changes on senior notes' early redemption options		**–**	(5,475)
Gain on acquisition of subsidiaries		**–**	8,931
Gain on re-measurement of associates and a joint venture to acquisition date fair value in business combination achieved in stages		**590,752**	421
Net gain on disposal of subsidiaries		**490,551**	1,625,655
Share of results of associates		**292,556**	476,099
Share of results of joint ventures		**9,735**	(100,362)
Profit before taxation		**5,574,728**	2,641,613
Taxation	*6*	**(2,453,636)**	(1,371,996)
Profit for the period		**3,121,092**	1,269,617

	Note	Six months ended 30 June **2018** ***RMB'000*** **(Unaudited)**	 2017 *RMB'000* (Unaudited)
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Fair value gain on equity instruments at fair value through other comprehensive income		**123,208**	–
Item that may be reclassified subsequently to profit or loss:			
Fair value gain on available-for-sale investments		**–**	194,006
Other comprehensive income for the period (net of tax)		**123,208**	194,006
Total comprehensive income for the period		**3,244,300**	1,463,623
Profit for the period attributable to:			
Owners of the Company		**2,334,963**	1,228,919
Non-controlling interests		**786,129**	40,698
		3,121,092	1,269,617
Total comprehensive income attributable to:			
Owners of the Company		**2,458,171**	1,422,925
Non-controlling interests		**786,129**	40,698
		3,244,300	1,463,623
Earnings per share	*8*		
Basic		**RMB0.94**	RMB0.46
Diluted		**RMB0.93**	RMB0.46

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Note	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**7,906,688**	7,713,259
Investment properties		**2,716,575**	2,716,396
Goodwill		**769,241**	769,241
Interests in associates		**9,191,593**	7,777,384
Interests in joint ventures		**1,812,568**	1,897,467
Available-for-sale investments		**–**	983,830
Equity instruments at fair value through other comprehensive income		**1,154,943**	–
Prepaid lease payment		**720,332**	738,163
Rental paid in advance		**25,607**	12,149
Deferred tax assets		**1,383,409**	1,586,225
Prepayments		**1,647,100**	–
		27,328,056	24,194,114
CURRENT ASSETS			
Properties for development		**40,623,829**	25,467,537
Properties under development		**86,605,387**	83,149,261
Completed properties for sale		**12,374,788**	20,650,760
Inventories		**115,366**	406,754
Trade and other receivables, deposits and prepayments	*9*	**6,359,595**	9,028,797
Contract assets and contract costs		**1,990,817**	–
Amounts due from related parties		**31,576,563**	28,346,684
Prepaid income taxes		**2,752,527**	4,266,197
Prepaid other taxes		**3,248,784**	3,001,285
Pledged bank deposits		**5,497,394**	5,907,338
Bank balances and cash		**38,920,914**	30,070,092
		230,065,964	210,294,705
Assets classified as held for sale		**–**	1,339,427
		230,065,964	211,634,132

	Note	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	10	**22,662,997**	21,255,077
Pre-sale deposits		**–**	65,900,213
Contract liabilities		**58,910,579**	–
Amounts due to related parties		**37,176,268**	29,895,503
Dividend payable		**433,536**	–
Income taxes payable		**6,169,418**	7,067,640
Other taxes payable		**1,131,535**	656,693
Bank and other borrowings		**18,640,272**	12,732,906
Corporate debt instruments		**6,035,312**	4,951,618
		151,159,917	142,459,650
Liabilities associated with assets classified as held for sale		**–**	1,128,538
		151,159,917	143,588,188
NET CURRENT ASSETS		**78,906,047**	68,045,944
TOTAL ASSETS LESS CURRENT LIABILITIES		**106,234,103**	92,240,058
NON-CURRENT LIABILITIES			
Bank and other borrowings		**24,006,640**	24,449,759
Senior notes		**3,211,638**	3,149,003
Corporate debt instruments		**19,731,691**	10,831,086
Receipts under securitisation arrangements		**1,593,531**	1,591,891
Amount due to a related party		**218,017**	–
Deferred tax liabilities		**5,229,174**	5,423,880
		53,990,691	45,445,619
		52,243,412	46,794,439
CAPITAL AND RESERVES			
Share capital		**209,414**	209,240
Reserves		**28,906,186**	26,269,450
Equity attributable to owners of the Company		**29,115,600**	26,478,690
Perpetual securities		**8,603,949**	8,603,949
Non-controlling interests		**14,523,863**	11,711,800
		52,243,412	46,794,439

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2017.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

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

The new and amendments to IFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

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

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

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

Impact on the condensed consolidated statement of financial position

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

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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

Impact on the condensed consolidated statement of profit or loss and other comprehensive income

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

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

	31 December 2017 (Audited) *RMB'000*	IFRS 15 *RMB'000*	IFRS 9 *RMB'000*	1 January 2018 (Restated) *RMB'000*
Non-current Assets				
Interests in associates	7,777,384	334,698	–	8,112,082
Interests in joint ventures	1,897,467	181,240	–	2,078,707
Available-for-sale investments	983,830	–	(983,830)	–
Equity instruments at FVTOCI	–	–	1,036,754	1,036,754
Deferred tax assets	1,586,225	(85,284)	78,139	1,579,080
Others with no adjustments	11,949,208	–	–	11,949,208
	24,194,114	430,654	131,063	24,755,831
Current Assets				
Properties under development	83,149,261	(2,822,850)	–	80,326,411
Inventories	406,754	(228,333)	–	178,421
Trade and other receivables, deposits and prepayments	9,028,797	(254,670)	(129,601)	8,644,526
Amounts due from related parties	28,346,684	–	(182,955)	28,163,729
Contract assets and contract costs	–	1,485,111	–	1,485,111
Prepaid income taxes	4,266,197	(265,456)	–	4,000,741
Prepaid other taxes	3,001,285	(305,906)	–	2,695,379
Others with no adjustments	82,095,727	–	–	82,095,727
	210,294,705	(2,392,104)	(312,556)	207,590,045
Assets classified as held for sale	1,339,427	–	–	1,339,427
	211,634,132	(2,392,104)	(312,556)	208,929,472
Current Liabilities				
Trade and other payables	21,255,077	1,368,302	–	22,623,379
Pre-sale deposits	65,900,213	(65,900,213)	–	–
Income taxes payable	7,067,640	75,733	–	7,143,373
Other taxes payable	656,693	473,878	–	1,130,571
Contract liabilities	–	59,866,672	–	59,866,672
Others with no adjustments	47,580,027	–	–	47,580,027
	142,459,650	(4,115,628)	–	138,344,022
Liabilities associated with assets classified as held for sale	1,128,538	–	–	1,128,538
	143,588,188	(4,115,628)	–	139,472,560
Net Current Assets	**68,045,944**	**1,723,524**	**(312,556)**	**69,456,912**
Total Assets less Current Liabilities	**92,240,058**	**2,154,178**	**(181,493)**	**94,212,743**

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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

	31 December 2017 (Audited) *RMB'000*	IFRS 15 *RMB'000*	3IFRS 9 *RMB'000*	1 January 2018 (Restated) *RMB'000*
Non-current liabilities				
Deferred tax liabilities	5,423,880	325,147	13,231	5,762,258
Others with no adjustments	40,021,739	–	–	40,021,739
	45,445,619	325,147	13,231	45,783,997
	46,794,439	1,829,031	(194,724)	48,428,746
Capital and Reserves				
Reserves	26,269,450	1,262,973	(194,724)	27,337,699
Non-controlling interests	11,711,800	566,058	–	12,277,858
Others with no adjustments	8,813,189	–	–	8,813,189
Total Equity	**46,794,439**	**1,829,031**	**(194,724)**	**48,428,746**

3. REVENUE AND SEGMENT INFORMATION

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

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

3. REVENUE AND SEGMENT INFORMATION (continued)

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

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

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

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

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

Segment assets

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

Segment liabilities

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

4. **OTHER INCOME**

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

5. FINANCE COSTS

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

6. TAXATION

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

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

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

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

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

7. DIVIDENDS

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

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

8. EARNINGS PER SHARE

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

Earnings

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

Number of shares

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

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

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

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

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

10. TRADE AND OTHER PAYABLES

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

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

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

MANAGEMENT DISCUSSION & ANALYSIS

Operational Review

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

Results Overview

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

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

Presales

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

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

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

Effective Investment with Optimized Land Reserve Structure

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

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

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

No.	**Land/Project Name**	**Acquired by**	**Equity**	**Total Land Cost/ Acquisition Cost** *(RMB million)*	**Paid by Greentown** *(RMB million)*	**GFA** *(sqm)*
1	Hangzhou Sandun Dangwangtou Project	Auction	24%	381	91	94,174
2	Hangzhou Future Science and Technology City Project	Auction	51%	2,341	1,194	131,721
3	Anji Peach Garden Block H3	Auction	85%	14	12	2,504
4	Anji Peach Garden Southeast Block 1	Auction	85%	54	46	9,950
5	Anji Peach Garden Southeast Block 2	Auction	85%	95	81	17,424
6	Deqing Fengqi Yunlu	Auction	37.5%	1,168	438	193,799
7	Jiaxing Science and Technology City Project	Auction	100%	994	994	148,577
8	Wenzhou Xijiangyue	Acquisition	16.5%	277	277	236,417
9	Wenzhou Liuxiangyuan	Auction	100%	1,453	1,453	114,550
10	Wenzhou Hengdu Project	Auction	100%	6,920	6,920	502,536
11	Zhoushan Orchid Residence	Auction	45%	1,357	611	151,099
12	Changshu South New City Project	Auction	100%	1,622	1,622	203,607
13	Tianjin Jinghai Project	Auction	60%	1,366	820	326,823
14	Wuhan International Expo Center Project	Acquisition	14%	739	739	464,205

No.	Land/Project Name	Acquired by	Equity	Total Land Cost/ Acquisition Cost *(RMB million)*	Paid by Greentown *(RMB million)*	GFA *(sqm)*
15	Chongqing Xiyong Project	Auction	49%	1,850	906	412,572
16	Fuzhou Willow Breeze	Auction	51%	2,930	1,494	211,640
17	Xi'an National Games Village 224-mu Block	Auction	51%	608	310	416,355
18	Xi'an National Games Village 103-mu Block	Auction	51%	308	157	352,092
19	Xi'an National Games Village Wenguang 179-mu Block	Acquisition	51%	277	277	407,819
	Total			24,754	18,442	4,397,864

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

Ranks First in the Project Management Industry

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

Smooth Financing Channels and Sufficient Funding

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

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

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

Refining Product and Service Quality

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

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

OUTLOOK

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

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

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

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

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

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

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

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

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

Accurate Investment Layout

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

Better Capital Management and Focus on Profit Realization

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

Saleable Resources in the Second Half of 2018

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

In the future, Greentown China will seize the strategic opportunity as the PRC enters into the new era of urbanization and Chinese people begin to pursue a good life. With that in mind, it will stay committed to the principles of quality growth and moderate expansion, and stay on track to develop a brand with its special characteristics. With the strong support from all shareholders, Greentown China will improve its core competitiveness through the strategy of "Balancing the Development of Light Assets and Heavy Assets", cope with the everchanging external environment and speed up its transformation to an "Integrated Service Provider for an Ideal Life", thereby delivering a better life for customers and creating value for its shareholders.

FINANCIAL ANALYSIS

Revenue

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

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

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

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

Note: Area sold includes aboveground and underground areas.

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

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

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

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

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

Gross Profit and Gross Profit Margin

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

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

Other Income

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

Selling and Administrative Expenses

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

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

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

Finance Costs

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

Share of Results of Joint Ventures and Associates

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

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

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

Note: Area sold includes aboveground and underground areas.

Taxation Expenses

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

Provision of Impairment Losses for Certain Assets

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

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

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

Contract liabilities

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

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

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

Financial Resources and Liquidity

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

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

Material Disposals

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

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

Business Combinations

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

Risks of Foreign Exchange Fluctuation

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

Financial Guarantees

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

Pledge of Assets

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

Capital Commitments

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

CAPITAL EXPENDITURE PLAN

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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed the Company's securities listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the Reporting Period.

HUMAN RESOURCES

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

CORPORATE GOVERNANCE CODE

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

COMPLIANCE WITH MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the code for dealing in securities of the Company by the Directors of the Company. After specific enquiry for all the Directors, each of the Directors confirmed that he has complied with the required standards set out in the Model Code throughout the Reporting Period. Relevant employees who are likely to be in possession of 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 announcement of interim results for the six months ended 30 June 2018 has been reviewed by the Audit Committee and approved by the Board.

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

INTERIM DIVIDEND

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

PUBLICATION OF INTERIM REPORT

The full text of the Company's 2018 Interim Report will be sent to the shareholders of the Company and posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinagreentown.com) respectively in due course.

FORWARD LOOKING STATEMENTS

This announcement includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believe", "estimate", "anticipate", "expect", "intend", "may", "will" or "should" (or of related nature), or, in each case, their negative or other variations or similar terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects and growth strategies, and the industry in which the Greentown Group operates.

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

APPRECIATION

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

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

Hangzhou, the PRC

24 August 2018

As at the date of this announcement, the Board comprises six executive directors, namely Mr Song Weiping, Mr Liu Wensheng, Mr Zhang Yadong, Mr Li Qingan, Mr Li Yongqian and Mr Li Jun, and four independent non-executive directors, namely Mr Jia Shenghua, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael and Mr Hui Wan Fai.