Ronshine China Holdings Limited
融信中國控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock code: 3301)

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

FINANCIAL HIGHLIGHTS

- Contracted sales amounted to RMB54,531.30 million, increased by approximately 75.7% as compared with the six months ended 30 June 2017.
- Total revenue amounted to RMB14,287.53 million, increased by 20.1% as compared with the six months ended 30 June 2017.
- Gross profit amounted to approximately RMB4,185.89 million, increased by 89.4% compared with the six months ended 30 June 2017.
- Profit for the period amounted to RMB2,253.59 million, increased by approximately 101.6% as compared with the six months ended 30 June 2017.
- Profit for the period attributable to owners of the Company amounted to RMB1,523.91 million, increased by approximately 121.5% as compared with the six months ended 30 June 2017.

INTERIM RESULTS

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

Interim Condensed Consolidated Income Statement

		Six months ended 30 June	
		2018	2017
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	*(Unaudited)*
Revenue	5	**14,287,533**	11,900,869
Cost of sales		**(10,101,640)**	(9,691,237)
Gross profit		**4,185,893**	2,209,632
Selling and marketing costs		**(428,225)**	(197,328)
Administrative expenses		**(620,746)**	(319,473)
Fair value gains on the remeasurement of a joint venture		**5,478**	—
Fair value gains on investment properties		**272,548**	42,000
Other income and other gains		**47,160**	18,447
Operating profit		**3,462,108**	1,753,278
Finance income	6	**134,612**	37,496
Finance costs	6	**(180,738)**	(20,324)
Finance (cost)/income — net	6	**(46,126)**	17,172
Share of net profit of associates and joint ventures accounted for using the equity method		**535,084**	269,506
Profit before income tax		**3,951,066**	2,039,956
Income tax expenses	7	**(1,697,472)**	(921,950)
Profit for the period		**2,253,594**	1,118,006
Profit for the period attributable to:			
Owners of the Company		**1,523,912**	687,851
Non-controlling interests		**629,804**	305,403
Holders of Perpetual Capital Instruments		**99,878**	124,752
		2,253,594	1,118,006
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
— Basic earnings per share	8	**1.02**	0.51
— Diluted earnings per share	8	**1.00**	0.51

Interim Condensed Consolidated Statement of Comprehensive Income

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

Interim Condensed Consolidated Balance Sheet

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

	Note	**30 June 2018**	31 December 2017
		RMB'000	*RMB'000*
		(Unaudited)	*(Audited)*
LIABILITIES			
Non-current liabilities			
Borrowings		**45,572,519**	47,609,990
Deferred tax liabilities		**3,031,798**	3,041,401
Total non-current liabilities		**48,604,317**	50,651,391
Current liabilities			
Borrowings		**21,053,843**	21,843,620
Contract liabilities		**55,326,555**	—
Trade and other payables	10	**21,778,816**	21,594,588
Amounts due to related parties		**2,293,673**	1,354,824
Pre-sale proceeds received from customers		**—**	41,244,149
Current tax liabilities		**4,142,736**	2,746,650
Total current liabilities		**104,595,623**	88,783,831
Total liabilities		**153,199,940**	139,435,222
Total equity and liabilities		**186,285,332**	170,196,275

Notes:

1 Basis of preparation

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

2 Accounting policies

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

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

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

The Group has applied the above new and amended standards and interpretations for the first time for their interim reporting period commencing 1 January 2018. The adoption of the new and amended standards and interpretations does not have significant impact on the Group except for HKFRS 9 and HKFRS 15. Please refer to note 3 below.

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

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

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

3 Changes in accounting policies

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

(a) Impact on the financial statements

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

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

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

(b) HKFRS 9 Financial Instruments — Impact of adoption

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

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

(i) Classification and measurement

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

(a) Reclassification from available-for-sale to FVPL

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

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

(ii) Impairment of financial assets

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

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

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

To measure the ECL, trade and other receivables, contract assets and amounts due from related parties have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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

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

(c) HKFRS 15 Revenue from Contracts with Customers — impact of adoption

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

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

Presentation of contract assets and liabilities

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

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

Accounting for costs incurred to obtain a contract

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

Accounting for significant financing component

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

4 Segment information

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

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

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

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

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

5 Revenue

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

6 Finance (cost)/income — net

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

7 Income tax expenses

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

PRC corporate income tax

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

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

PRC LAT

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

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

PRC dividend withholding income tax

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

Hong Kong profits tax

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

Overseas income tax

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

PRC dividend withholding income tax

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

8 Earnings per share

(a) Basic earnings per share

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

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

(b) Dilutive

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

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

9 Trade and other receivables and prepayments

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade receivables (note (a))	**817,559**	316,456
Notes receivable	**6,033**	2,300
Other receivables	**10,031,701**	7,424,739
Prepayments	**11,995,644**	16,069,460
	22,850,937	23,812,955
Less: non-current portion of prepayments	**—**	(92,729)
Current portion of trade and other receivables and prepayments	**22,850,937**	23,720,226

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

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

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

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

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

10 Trade and other payables

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade payables (Note (a))	**6,559,959**	7,007,075
Note payables	**572,094**	592,778
Other payables	**14,646,763**	13,994,735
	21,778,816	21,594,588

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

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

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

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

11 Dividend

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

OVERVIEW AND OUTLOOK

Market and business review

During the first half of 2018, in a complicated and turbulent international economic and political situation, the Government of the People's Republic of China ("**China**", or "**PRC**") had its policies adjusted in a timely manner to ensure the sustained and healthy development of its economy. In respect of the real estate market, it adhered to the principle of applying specific policies in specific places while striving to maintain the balance between supply and demand, straightening market order, and accelerating the construction of a long-term mechanism to ensure the stable and healthy development of the industry. In line with the steady economic development, the Chinese people's pursuit of better living is getting increasingly essential day by day. Driven by the urbanization process and the need for improvement, people's demand for quality housing continued to grow. According to the National Bureau of Statistics of China, in the first half of 2018, the trading volume of commodity housing reached 771.43 million sq.m., representing an increase of 3.3% as compared with the same period of last year, while the sales of commodity housing amounted to RMB6,694.5 billion, representing an increase of 13.2% as compared with the same period of last year.

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

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

Embracing a mission of "Making China a Better Place (為更美麗的中國)" and the belief in "Shaping our Cities with Excellence (以品質影響城市)", the Group further extended its presence to Changsha City located in the middle reaches of the Yangtze River during the Period, aiming to complete its layout with eight core urban agglomerations across the country, including the west coast of the Straits, the Yangtze River Delta, middle reaches of the Yangtze River, the Greater Bay Area, the Beijing-Tianjin-Hebei Region, Zhongyuan (Central Plain), Southwest China and Northwest China Urban Agglomeration. In the first half of 2018, on the basis of the existing high-quality land bank, the Group carefully studied the market conditions and adopted a more prudent land acquisition policy, initiating 14 new land projects during the Period, adding 2.49 million sq.m. of quality land to its reserves, at an equity consideration of approximately RMB4.13 billion. As at 30 June 2018, the Group has established its presence in 38 cities, operating a total of 147 projects, with land reserves of approximately 25.17 million sq.m..

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

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

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

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

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

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

Prospects

Looking forward to the second half of 2018, China's economy is expected to maintain its steady growth, with regulation and control in the real estate industry continuing and escalating, leading to the overall improvement in the supply and demand relationship, as well as stable property prices. The tone of regulation in the first- and second-tier cities will shift from "Controlling Demand" to "Increasing Supply" so as to ensure medium- and long-term supply of land and guarantee "effective supply." At the same time, the urbanization process, needs for improvement, and changes in household structure will lead to an increase in demand for quality and mid- to high-end residential products.

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of operating results

	For the six months ended 30 June		Change in percentage
	2018	2017	
Contracted sales			
Contracted sales amount *(RMB'000)*[(Note 1)]	**54,531,296**	31,031,394	75.7%
Contracted gross floor area *(sq.m.)*	**2,537,102**	1,128,011	124.9%
Average unit price of contracted sales *(RMB/sq.m.)*	**21,494**	27,510	-21.9%
Property delivered			
Revenue from delivery of properties *(RMB'000)*	**14,001,718**	11,688,343	19.8%
Delivered gross floor area *(sq.m.)*	**807,820**	675,478	19.6%
Recognised average selling price of properties delivered *(RMB/sq.m.)*	**17,333**	17,304	0.2%
Revenue *(RMB'000)*	**14,287,533**	11,900,869	20.1%
Cost of Sales *(RMB'000)*	**(10,101,640)**	(9,691,237)	4.2%
Gross profit *(RMB'000)*	**4,185,893**	2,209,632	89.4%
Other income and other gains *(RMB'000)*	**47,160**	18,447	155.7%
Profit before income tax *(RMB'000)*	**3,951,066**	2,039,956	93.7%
Profit for the period *(RMB'000)*	**2,253,594**	1,118,006	101.6%
— attributable to owners of the Company *(RMB'000)*	**1,523,912**	687,851	121.5%
— attributable to non-controlling interests *(RMB'000)*	**629,804**	305,403	106.2%
— attributable to holders of Perpetual Capital Instruments *(RMB'000)*	**99,878**	124,752	-19.9%
Gross profit margin[(Note 2)]	**29.3%**	18.6%	10.7%
Net profit margin[(Note 3)]	**15.8%**	9.4%	6.4%

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

Notes:

(1) The amounts include the contracted sales from subsidiaries, associates and joint ventures of the Company.

(2) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.

(3) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.

(4) The calculation of current ratio is based on current assets divided by current liabilities.

(5) The calculation of gearing ratio is based on total borrowings less cash and bank balances and divided by total equity.

Property Development

Contracted Sales

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

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

Projects completed

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

Projects under construction

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

Land reserve

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

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

City	Project name	Date of acquisition	Site area	Total GFA	Total GFA of the owners of the Company interested	Land cost	Total land cost attributable to the owners of the Company	Average land cost
			(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*	*(RMB/sq.m.)*
Zhengjiang	Jurong 2017-J10-2-02 Lot (句容2017-J10-2-02號地塊)	9-Mar-18	53,873	145,463	26,183	521	94	4,837
Hangzhou	Hushu Lot (湖墅地塊)	8-Jan-18	14,684	49,995	19,998	1,019	408	31,551
Jiaxing	Tongxiang 2017-52 Lot (桐鄉2017-52號地塊)	29-Dec-17	62,775	195,908	35,263	485	87	3,219
Jiaxing	Haining 2018-004 Lot (海土字(2018)004號地塊)	7-Mar-18	53,873	111,019	111,019	570	570	7,200
Hangzhou	Xiaoshan 2018-4 Lot (蕭政儲出(2018)4號地塊)	29-Jan-18	52,780	95,047	19,009	1,114	223	8,442
Ningbo	Jiepai 3# Lot (界牌3#地塊)	2-Mar-18	113,857	253,594	53,255	1,020	214	5,599
Hangzhou	Xiaoshan 2018-14 Lot (蕭政儲出(2018)14號地塊)	17-Apr-18	93,039	250,357	105,400	4,304	1,812	17,134
Huzhou	Anji Lot (安吉地塊)	12-Jun-18	53,254	113,938	28,371	239	59	2,986
Zhengzhou	Xingyang Yijiangnan Lot-2 (滎陽市憶江南地塊-2)	30-Jan-18	302,573	439,091	439,091	245	245	722
Chengdu	Xinjin Lot (新津地塊)	28-Mar-18	22,732	80,810	70,305	239	208	4,200
Fuyang	Fuyang 2017-33 Lot (阜陽2017-33號地塊)	12-Jan-18	77,605	212,704	38,287	303	54	1,696
Dongtai	Beihai Bridge Lot (北海大橋地塊)	23-Mar-18	55,320	129,628	18,148	275	38	2,761
Mengcheng	Mengcheng 2018-6 Lot (蒙城2018-6號地塊)	30-Mar-18	71,359	180,357	41,482	300	69	2,102
Zhengzhou	Xingyang Yijiangnan Lot-3 (滎陽市憶江南地塊-3)	25-Jan-18	80,190	228,831	116,704	89	45	552
Total			**1,107,914**	**2,486,742**	**1,122,516**	**10,721**	**4,127**	**5,383**

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

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

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

Region	**Name of Projects**	**Total Land Value** *(RMB'0,000)*	**Total GFA of reserve** *(10,000 sq.m.)*	**Average cost per sq.m.** *(RMB/sq.m.)*
Hangzhou	Gentle Mansion (君悅府)	20,190	4.98	5,863
	Lan Sky 融信 • 瀾天	48,336	12.90	5,739
	Yangxing Capital 融信 • 永興首府	11,931	1.33	13,076
	Xiaoshan Residence 融信 • 蕭山公館	26,779	2.03	18,559
	Seattle (西雅圖)	129,750	11.90	14,905
	Jingkai Project (經開地塊)	43,580	4.20	16,002
	Yinhe Primary School Project (銀河小學地塊)	92,412	9.58	13,822
	Hangzhou Wocheng Project (杭州臥城地塊)	24,820	6.99	5,113
	Hangzhou Mansion (融信 • 杭州公館)	50,766	3.33	25,717
	Qianjiang Century City Project (錢江世紀城地塊)	228,480	16.91	19,230
	Qinglong Project (慶隆地塊)	120,411	5.92	31,404
	Hangzhou Yuhang Lot (余杭 2016 (48) 號地塊	65,706	6.12	16,721
	Hangzhou Jingjiang Lot (靖江花神廟地塊)	49,521	6.60	5,101
	Hangzhou Xiaoshan Lot (蕭山 2017-1 號地塊)	185,946	8.62	30,816
	Hangzhou 2016-35 Lot (杭政儲出 (2016) 35 號)	18,776	1.32	26,106
	Hangzhou 2016-44 Lot (杭政儲出 (2016) 44 號)	8,897	0.67	27,279
	Hangzhou 2017-44 Lot (杭政儲出 (2017) 44 號)	406,269	14.09	40,542
	Hangzhou 2017-42 Lot (杭政儲出 (2017) 42 號)	64,150	3.75	24,704
	Hangzhou 2017-14 Lot (蕭政儲出 (2017) 14 號)	59,520	4.94	16,580
	Hangzhou 2017-20 Lot (蕭政儲出 (2017) 20 號)	161,339	10.01	22,950
	Hangzhou 2017-43 Lot (余政儲出 (2017) 43 號)	85,459	7.33	16,005
	Hushu Lot (湖墅地塊)	40,770	1.92	31,551
	Xiaoshan 2018-4 Lot (蕭政儲出 (2018) 4 號地塊)	22,278	1.87	8,442
	Xiaoshan 2018-14 Lot (蕭政儲出 (2018) 14 號地塊)	181,205	10.40	17,134
Fuzhou	The Twin Harbour City (融信 • 雙杭城)	421,500	82.65	6,065
	David City (融信 • 平潭大衛城)	5,982	3.21	2,342
	The Long Island (融信 • 長島)	130,000	44.82	2,437
	The Bund (平潭外灘)	9,002	7.92	1,430
	"Hot Spring City" (福州溫泉城項目)	82,935	63.66	1,610[(1)]
	Lan County (融信 • 瀾郡)	24,480	3.95	8,374
	The Coast (融信 • 後海)	34,225	6.01	7,406
	Show Kingdom (世歐王莊)	51,000	13.26	4,787
	Huayun Mansion (華雲山莊)	14,688	6.48	3,300
	Fuzhou Guihu 2017-07 Lot (桂湖壟頭 2017-07 地塊)	38,500	8.65	5,978
	Fuzhou Guihu 2017-08 Lot (桂湖壟頭 2017-08 地塊)	9,250	1.84	6,727
	Fuzhou Guihu 2017-09 Lot (桂湖壟頭 2017-09 地塊)	15,950	3.40	6,267
	Fuzhou 2017-06 Lot (馬宗地 2017-06 號地塊)	13,817	2.53	7,340
	Fuzhou 2017-23 Lot (宗地 2017-23 地塊)	141,000	8.49	21,973
	Fuzhou 2016-1 Lot (2016 拍 -1 號)	8,364	3.94	2,137

Region	Name of Projects	Total Land Value *(RMB'0,000)*	Total GFA of reserve *(10,000 sq.m.)*	Average cost per sq.m. *(RMB/sq.m.)*
Shanghai	Shanghai Xujing Project (徐涇鎮會展中心)	167,596	28.95	8,539
	French Legend (融信 • 法蘭西世家)	6,804	0.77	10,803
	Shanghai Huacao Lot II (Kairi) (閔行區華漕鎮 MHPO-1402 單元 35-01 地塊 (愷日))	10,110	1.72	6,018[1]
	Shanghai Huacao Lot III (Kaichong) (閔行區華漕鎮 MHPO-1402 單元 36-01 地塊 (愷崇))	4,193	0.65	6,098[1]
	Shanghai Huacao Lot IV (Kaichang) (閔行區華漕鎮 MHPO-1402 單元 42-01 地塊 (愷暢))	6,838	1.25	6,101[1]
	Imperial Villa (融信 • 鉑灣)	11,522	1.64	11,396
	Shanghai Huacao Lot I (閔行區華漕鎮 MHPO-1402 單元 41-02 地塊)	7,517	1.67	6,165[1]
	Platinum (融信 • 鉑爵)	22,491	2.37	15,409
	Xinjiangwan City (新江灣城)	157,750	4.59	52,840
	Shanghai Qingpu Lot (青浦 36-01 地塊)	59,780	3.86	21,610
	Shanghai Jingan Zhangxin Lot (靜安中興地塊)	550,500	6.10	100,091
Fuyang	Hai Liang Yue Fu (海亮 · 悅府)	8,489	8.63	990
	The Riverside Mansion (海亮 · 江灣城)	14,379	10.29	1,662
	Hai Liang Long Yuan (海亮 · 瓏園)	11,809	6.81	2,321
	Hai Liang Xing Cheng (海亮 · 星城)	8,004	5.00	1,934
	Hai Liang Xingfu Li (海亮 · 幸福里)	19,704	14.94	1,658
	Xingfu Li East County (幸福里東郡)	24,513	13.61	2,235
	Xingfu Li North County (幸福里北郡)	13,249	7.52	2,190
	Fuyang 2017-33 Lot (阜陽 2017-33 號地塊)	5,448	3.83	1,696
Zhangzhou	Future City (融信 • 未來城)	6,900	3.60	2,573
	Festival City (融信 • 觀山海)	5,751	4.97	1,549
	Imperial Land (一品江山)	9,880	5.90	2,206
	Zhangzhou Wanke City (漳州萬科城)	29,779	20.44	1,773
	College City (學院名築)	57,800	17.66	4,059
	Zhangzhou Harbor B8 Lot (漳州港 B8)	10,360	2.75	4,868
	Zhangzhou 2017P01 Lot (漳州 2017P01 地塊)	160,000	18.83	10,897
Nanjing	Nanjing Xianlin Project (南京仙林 2016G58 地塊)	226,290	12.97	24,957
	Nanjing Jiulonghu Project (南京九龍湖 NO. 2016G73 地塊)	53,700	35.09	2,515
	Nanjing Jiangning Lot (江寧 2017G02 地塊)	95,500	9.80	12,842
	Nanjing 2017G31 Lot (NO.2017G31 地塊)	35,745	4.65	12,130
	Nanjing 2017G36 Lot (NO.2017G36 地塊)	85,000	11.77	9,464
Zhengzhou	Zhengzhou Zhongmou Lot (鄭州中牟縣地塊)	30,920	25.12	1,507
	Xingyang Yijiangnan Lot-1 (滎陽市憶江南地塊 -1)	12,889	30.28	470
	Hailiang time ONE (海亮時代 ONE)	37,992	16.75	3,284
	Xingyang Yijiangnan Lot-2 (滎陽市憶江南地塊 -2)	24,460	43.36	722[1]
	Xingyang Yijiangnan Lot-3 (滎陽市憶江南地塊 -3)	4,516	11.67	552
Suzhou	Kunshan Project (昆山 (2016) 2-4 地塊)	135,150	13.56	13,573
	Suzhou Tang Ning Fu (唐寧府)	159,885	14.08	15,993[1]
	Suzhou Changqiao Yayuan (長橋雅苑)	21,783	11.70	2,634[1]
Xi'an	Hai Liang Xin Ying Li (海亮 · 新英里)	29,590	11.75	3,136[1]
	Hai Liang De Wen Jun (海亮 · 德文郡)	24,282	11.77	2,546[1]
	Hai Liang Tang Ning Fu (海亮 · 唐寧府)	10,149	6.98	1,960[1]
	Hai Liang Xi Yue (海亮熙悅)	788	2.12	446[1]
Bangbu	Bengbu Hai Liang Ming Zhu (蚌埠海亮明珠)	12,100	12.63	1,010[1]
	Bengbu Hai Liang Xi Yuan (蚌埠海亮熙園)	667	0.45	1,691[1]
	Bengbu Hai Liang Tian Yu (蚌埠海亮天御)	15,319	11.15	1,680[1]

Region	Name of Projects	Total Land Value *(RMB'0,000)*	Total GFA of reserve *(10,000 sq.m.)*	Average cost per sq.m. *(RMB/sq.m.)*
Hefei	Hefei Hailiang Palais Jardin (九璽花園)	12,156	6.08	2,300(1)
	Hefei Orchid Land (蘭郡花園)	1,023	1.82	620(1)
	Hailiang Rubellite (紅璽台公館)	9,487	2.55	4,827(1)
	Tangning Mansion (唐寧府)	18,446	1.36	18,156(1)
Lanzhou	Lanzhou Binhe Yi Hao (濱河一號)	4,138	3.36	1,546(1)
	Lanzhou Hailiang Heyuan (海亮和園)	670	0.77	957(1)
	Lanzhou Xi'an Hua Fu (熙岸華府)	11,071	9.68	1,293(1)
Yinchuang	Binhe No.1 Project (濱河壹號)	6,510	14.13	530(1)
	Haimao No.1 Project (海茂壹號院)	8,228	7.93	1,319(1)
	Shiyuefu Project (世悅府)	9,413	10.04	1,281(1)
Chengdu	Chengdu Jinniu Lot (金牛三號宗地)	75,102	6.13	16,915
	Xinjin Lot (新津地塊)	20,765	7.01	4,200
Ganzhou	Ganzhou Rongxitai (贛州榕璽台)	18,832	6.32	3,511
	Hailiang Skyscrapers (海亮天城)	26,491	9.74	3,602(1)
Jiaxing	Tongxiang 2017-52 Lot (桐鄉 2017-52 號地塊)	8,730	3.48	3,219
	Haining 2018-004 Lot (海土字 (2018) 004 號地塊)	57,000	11.03	7,200
Jinhua	Jinhua 2017-07 Lot (金華 2017-07 地塊一)	74,593	7.74	12,550
	Jinhua 2017-10 Lot (金市土讓告字 [2017]10 號)	27,131	4.25	8,467
Luan	Luan 2017-14 Lot (六出 2017-14 號地塊)	34,705	19.12	1,984
	Hailiang Official Mansion (六安海亮官邸)	13,084	7.43	2,033(1)
Ningbo	Ningbo Fenghua Lot (寧波奉化地塊)	20,577	3.53	8,773
	Jiepai 3# Lot (界牌 3# 地塊)	21,420	5.24	5,599
Tianjin	Tianjin Jinghai Lot (靜海 2013-92 號地塊)	104,865	15.54	8,238
	Tianjin Jinnan Lot (津南 2016-06 號地塊)	107,250	10.48	12,959
Xiamen	Xiamen Bowan (廈門同安鉑灣)	263,400	18.54	23,207
	Xiamen Tongan Lot (同安 2017P01 地塊)	78,800	3.70	31,520
Chongqing	Chongqing Banan Lot (重慶巴南地塊)	72,750	16.43	6,189
Dongtai	Beihai Bridge Lot (北海大橋地塊)	3,849	1.77	2,761
Guangzhou	Guangzhou Zengcheng Lot (廣州增城地塊)	58,800	3.64	14,999
Huzhou	Anji Lot (安吉地塊)	5,939	2.79	2,986
Longyan	Zijin Mountain Sports Park Lot (紫金山體育公園地塊)	21,318	8.27	3,147
Mengcheng	Mengcheng 2018-6 Lot (蒙城 2018-6 號地塊)	6,900	4.09	2,102
Nantong	Nantong Yue Rong Shu (悅榕墅)	2,964	0.74	4,665(1)
Putian	Putian Xibai Lot (溪白村 2017-04 地塊)	93,500	12.33	10,032
Quzhou	Quzhou 2017 (4) Lot (衢州 (2017) 4 號地塊)	76,275	9.36	10,457
Shaoxing	Shaoxing Shengzhou Lot (紹興嵊州地塊)	154,900	74.02	2,577
Tongling	Tongling Lanshan Fu (銅陵瀾山府)	3,653	6.16	714
Xi'ning	Hailiang Da Du Hui (海亮大都匯)	16,078	15.76	1,198(1)
Xuancheng	Hailiang Heavenly Mansion (海亮天禦)	6,833	7.14	1,094(1)
Zhengjiang	Jurong 2017-J10-2-02 Lot (句容 2017-J10-2-02 號地塊)	9,381	2.58	4,837
Zhoushan	Zhoushan 2017-007 Lot (2017-007 地塊)	30,626	6.03	4,324
Total		**7,153,525**	**1,307.33**	**6,463**

Note:

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

Financial Review

Revenue

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

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

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

(i) the increase in the total GFA of properties delivered by the Group by approximately 19.6% from 675,478 sq.m. for the six months ended 30 June 2017 to 807,820 sq.m. for the six months ended 30 June 2018;

(ii) the increase in the recognised average selling price of properties delivered by the Group by approximately 0.2% from RMB17,304 per sq.m. for the six months ended 30 June 2017 to RMB17,333 per sq.m. for the six months ended 30 June 2018;

(iii) the increase in revenue from construction services by approximately 4.5% from RMB141.7 million for the six months ended 30 June 2017 to RMB148.1 million for the six months ended 30 June 2018;

(iv) the rental income increased from RMB49.5 million for the six months ended 30 June 2017 to RMB63.8 million for the six months ended 30 June 2018. The others are mainly represent hotel operation. During the six months ended 30 June 2018, revenue from hotel operation of the Group was RMB73.9 million.

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

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

Cost of sales

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

Gross profit and gross profit margin

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

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

Other income and other gains

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

Selling and marketing costs

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

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

Administrative expenses

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

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

Fair value gains on investment properties

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

Finance (cost)/income — net

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

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

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

Profit before income tax

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

Income tax expenses

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

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

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

Profit for the period attributable to owners of the Company

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

Profit for the period attributable to non-controlling interests

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

Financing Activities

Issuance of 2018 senior notes

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

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

Placing in 2017 and 2018

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

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

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

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

PLEDGE OF ASSETS

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

CONTINGENT LIABILITIES

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

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

Current ratio

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

Gearing ratio

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

FUTURE PLANS FOR MATERIAL INVESTMENTS

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

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

FOREIGN CURRENCY RISK

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

MATERIAL ACQUISITION AND DISPOSAL

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

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

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

EMPLOYEE AND REMUNERATION POLICY

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

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

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

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

CORPORATE GOVERNANCE

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

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

INTERIM DIVIDEND

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

AUDIT COMMITTEE

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

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

EVENTS AFTER THE REPORTING PERIOD

Issuance of additional senior notes

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

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

Capital contribution in Qingdao Tianye and Qingdao Tianhe

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

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

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

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

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

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company at www.rongxingroup.com. The Company's interim report for the six months ended 30 June 2018 will be despatched to shareholders of the Company and published on the aforementioned websites in due course.

By Order of the Board
Ronshine China Holdings Limited
Ou Zonghong
Chairman

Hong Kong, 22 August 2018

As at the date of this announcement, Mr. Ou Zonghong, Mr. Wu Jian, Mr. Lin Junling and Ms. Zeng Feiyan are the executive Directors; Ms. Chen Shucui is the non-executive director; and Dr. Lo Wing Yan William, Mr. Ren Yunan and Mr. Qu Wenzhou are the independent non-executive Directors.

* *For identification purposes only*