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## **GREENLAND HONG KONG HOLDINGS LIMITED**

### **綠地香港控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 337)**

**US\$700 million 4.75 per cent. Bonds Due 2016**

**(Stock Code: 5982)**

**US\$500 million 4.375 per cent. Notes Due 2017**

**(Stock Code: 5786)**

**CNY1,500 million 5.50 per cent. Bonds due 2018**

**(Stock Code: 85945)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014**

#### **HIGHLIGHTS**

- Contracted sales reached approximately RMB5.871 billion for 1H2014, an increase of 246% from 1H2013
- Revenue for 1H2014 was approximately RMB1.465 billion
- Profit attributable to the owners of the Company for 1H2014 was approximately RMB25 million
- Issue of CNY1.5 billion 5.5% bonds due 2018
- Established a USD2 billion medium term note program, and issued USD500 million 4.375% notes due 2017
- Sharp decrease in average financing cost from 8.18% as at 31 December 2013 to 5.17% as at the date of this announcement
- Completion of Kunming projects acquisition from Greenland Holding Group
- Acquisition of land in Wuyuan River area, Haikou City and in Nanning City
- As at 30 June 2014, land bank reached approximately 13.75 million square meters.

The board (the “**Board**”) of directors (the “**Directors**”) of Greenland Hong Kong Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the period ended 30 June 2014.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*FOR THE SIX MONTHS ENDED 30 JUNE 2014*

		<b>Six months ended 30 June</b>	
		<b>2014</b>	2013
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	4	<b>1,464,980</b>	3,473,676
Cost of sales		<b>(1,142,037)</b>	(2,503,313)
<b>Gross profit</b>		<b>322,943</b>	970,363
Other gains and losses and other expense		<b>(20,493)</b>	12,528
Selling and marketing costs		<b>(88,226)</b>	(38,349)
Administrative expenses		<b>(184,699)</b>	(165,783)
Finance income		<b>56,736</b>	47,070
Finance expenses	5	<b>(91,563)</b>	(231,709)
Net foreign exchange (losses) gains		<b>(24,091)</b>	33,088
Fair value changes on financial derivatives		–	48,031
Fair value gains (losses) on investment properties	8	<b>115,821</b>	(49,721)
Net gain on disposal of interest in a subsidiary		–	99,090
Share of losses of associates		–	(92,615)
Share of gains (losses) of joint ventures		<b>42,459</b>	(27,044)
<b>Profit before income tax</b>		<b>128,887</b>	604,949
Income tax expense	6	<b>(125,039)</b>	(403,914)
<b>Profit for the period</b>		<b>3,848</b>	201,035
Profit for the period attributable to:			
Owners of the Company		<b>25,113</b>	197,696
Non-controlling interests		<b>(21,265)</b>	3,339
		<b>3,848</b>	201,035
<b>Earnings per share</b>			
Ordinary share (basic and diluted) (RMB)	7	<b>0.01</b>	0.19
Convertible preference share (basic and diluted) (RMB)	7	<b>0.01</b>	N/A

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Other comprehensive (expense) income:</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	<u>(23,374)</u>	<u>1,008</u>
Other comprehensive (expense) income for the period, net of income tax	<b>(23,374)</b>	1,008
<b>Total comprehensive (expense) income for the period</b>	<b><u>(19,526)</u></b>	<b><u>202,043</u></b>
Total comprehensive (expense) income attributable to:		
Owners of the Company	<b>13,426</b>	198,704
Non-controlling interests	<b><u>(32,952)</u></b>	<u>3,339</u>
	<b><u>(19,526)</u></b>	<b><u>202,043</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 30 JUNE 2014*

		<b>As at 30 June 2014</b>	<b>As at 31 December 2013</b>
	<i>Notes</i>	<i>RMB'000</i> <b>(Unaudited)</b>	<i>RMB'000</i> <b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>895,985</b>	922,979
Intangible assets		<b>1,454</b>	1,476
Land use rights		<b>74,017</b>	74,953
Other investments		<b>2,800</b>	2,800
Properties under development		<b>8,727,764</b>	6,832,762
Investment properties	8	<b>2,356,000</b>	1,719,000
Interests in associates		<b>3,509</b>	3,509
Interests in joint ventures	9	<b>852,625</b>	677,111
Long-term receivable		<b>1,054,888</b>	673,627
Deferred tax assets		<b>163,900</b>	212,882
		<hr/>	<hr/>
Total non-current assets		<b>14,132,942</b>	11,121,099
<b>CURRENT ASSETS</b>			
Properties under development		<b>4,790,835</b>	2,205,091
Completed properties held for sale		<b>2,104,383</b>	2,651,528
Tax recoverable		<b>60,625</b>	91,175
Trade and other receivables, deposits and prepayments	10	<b>3,214,771</b>	3,873,523
Long-term receivable within one year		<b>121,311</b>	125,561
Restricted cash		<b>346,897</b>	749,693
Cash and cash equivalents		<b>1,760,322</b>	922,037
		<hr/>	<hr/>
Total current assets		<b>12,399,144</b>	10,618,608
		<hr/>	<hr/>
<b>Total assets</b>		<b>26,532,086</b>	21,739,707

		<b>As at 30 June 2014 RMB'000 (Unaudited)</b>	<b>As at 31 December 2013 RMB'000 (Audited)</b>
<b>EQUITY</b>			
Share capital		<b>1,068,154</b>	1,068,154
Share premium		<b>2,362,986</b>	2,362,986
Reserves		<b>822,293</b>	833,173
Retained earnings		<b>1,276,738</b>	1,355,871
<b>Total equity attributable to owners of the Company</b>		<b>5,530,171</b>	5,620,184
<b>Non-controlling interests</b>		<b>171,177</b>	86,889
<b>Total equity</b>		<b>5,701,348</b>	5,707,073
<b>CURRENT LIABILITIES</b>			
Interest-bearing loans		<b>1,483,838</b>	1,725,007
Trade, other payables and advance receipts	<i>11</i>	<b>9,045,842</b>	7,325,317
Tax payable		<b>649,036</b>	916,405
Long-term payable within one year		<b>6,000</b>	6,000
Total current liabilities		<b>11,184,716</b>	9,972,729
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans		<b>3,496,266</b>	1,441,839
Long-term payable		<b>34,882</b>	33,935
Bonds	<i>12</i>	<b>5,761,415</b>	4,224,594
Deferred tax liabilities		<b>353,459</b>	359,537
Total non-current liabilities		<b>9,646,022</b>	6,059,905
<b>Total liabilities</b>		<b>20,830,738</b>	16,032,634
<b>Total equity and liabilities</b>		<b>26,532,086</b>	21,739,707
<b>Net current assets</b>		<b>1,214,428</b>	645,879
<b>Total assets less current liabilities</b>		<b>15,347,370</b>	11,766,978

## NOTES

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 13 April 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 October 2006. On 27 August 2013, the subscription of shares of the Company (the "Subscribed Shares") by Gluon Xima International Limited ("GXIL") was successfully completed. GXIL is an indirectly wholly owned subsidiary of Greenland Holding Group Company Limited ("Greenland Holding"). Greenland Holding is a state-controlled enterprise group headquartered in Shanghai, with its main business in real estate, energy and finance.

The Subscribed Shares represent approximately 60% of the entire issued share capital of the Company and approximately 60% of the voting rights of the Company as enlarged by the Subscribed Shares. Immediately after the subscription, Greenland Holding became the ultimate holding company of the Company.

### 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) Interim Financial Reporting issued by the International Accounting Standard 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").

### 3. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, a new Interpretation and certain amendments to International Financial Reporting Standards ("IFRSs") issued by the IASB that are mandatorily effective for the current interim period.

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

#### 4. SEGMENT REPORTING

The following is an analysis of the Group's revenue, profit (loss), assets and liabilities by reportable segments:

##### For the six months ended 30 June 2014

	Sales of properties <i>RMB'000</i>	Lease of properties <i>RMB'000</i>	Hotel & related services <i>RMB'000</i>	Education <i>RMB'000</i>	Property management & other related services <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers (unaudited)	1,177,966	36,331	74,486	39,565	136,632	1,464,980
Inter-segment revenue (unaudited)	—	—	—	—	21,048	21,048
Reportable segment revenue (unaudited)	1,177,966	36,331	74,486	39,565	157,680	1,486,028
Reportable segment profit (loss) before income tax (unaudited)	5,711	95,454	(22,909)	(3,978)	53,769	128,047
Reportable segment assets as at 30 June 2014 (unaudited)	23,821,073	2,356,000	1,816,439	338,812	237,107	28,569,431
Reportable segment liabilities as at 30 June 2014 (unaudited)	14,680,644	1,049,129	1,102,545	258,398	148,193	17,238,909

##### For the six months ended 30 June 2013

	Sales of properties <i>RMB'000</i> (Unaudited)	Lease of properties <i>RMB'000</i> (Unaudited)	Hotel & related services <i>RMB'000</i> (Unaudited)	Education <i>RMB'000</i> (Unaudited)	Property management & other related services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Revenue from external customers (unaudited)	3,295,810	29,778	70,818	37,666	39,604	3,473,676
Inter-segment revenue (unaudited)	—	—	—	—	8,115	8,115
Reportable segment revenue (unaudited)	3,295,810	29,778	70,818	37,666	47,719	3,481,791
Reportable segment profit (loss) before income tax (unaudited)	630,166	(39,516)	(38,219)	9,202	3,868	565,501
Reportable segment assets as at 31 December 2013 (audited)	18,657,654	1,719,000	1,940,942	304,405	210,674	22,832,675
Reportable segment liabilities as at 31 December 2013 (audited)	9,848,536	1,025,348	1,672,681	220,047	138,842	12,905,454

## Reconciliation of reportable segment revenues, profit (loss), assets and liabilities

	Six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
<b>Revenue</b>		
Reportable segment revenue	1,486,028	3,481,791
Elimination of inter-segment revenue	(21,048)	(8,115)
<b>Consolidated revenue</b>	<b>1,464,980</b>	<b>3,473,676</b>
<b>Profit (loss)</b>		
Reportable segment profit before income tax	128,047	565,501
Elimination of inter-segment profit	–	726
Fair value change on financial derivatives	–	48,031
Net gain on disposal of equity interest in a subsidiary	–	99,090
Unallocated expenses	(13,724)	(12,091)
Net foreign exchange (losses) gains	(24,091)	33,088
Share-based payments	(3,804)	(9,737)
Share of losses of associates	–	(92,615)
Share of gains (losses) of joint ventures	42,459	(27,044)
<b>Consolidated profit before income tax</b>	<b>128,887</b>	<b>604,949</b>
	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
<b>Assets</b>		
Reportable segment assets	28,569,431	22,832,675
Elimination of inter-segment receivables	(2,247,847)	(1,142,023)
Elimination of inter-segment investments	(645,632)	(631,565)
Interests in associates	3,509	3,509
Interests in joint ventures	852,625	677,111
<b>Consolidated total assets</b>	<b>26,532,086</b>	<b>21,739,707</b>
<b>Liabilities</b>		
Reportable segment liabilities	17,238,909	12,905,454
Elimination of inter-segment payables	(2,247,847)	(1,142,023)
Bonds	5,839,676	4,269,203
<b>Consolidated total liabilities</b>	<b>20,830,738</b>	<b>16,032,634</b>

## 5. FINANCE EXPENSES

	Six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Interest expenses on loans, bonds and senior notes	299,685	308,450
Less: interest capitalised	(209,468)	(78,201)
Net interest expenses on loans, bonds and senior notes	90,217	230,249
Interest expenses on long-term payable	1,346	1,460
Finance expenses	91,563	231,709

## 6. INCOME TAX EXPENSE

Income tax in the condensed consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
<b>Current tax</b>		
Provision for PRC enterprise income tax for the period	33,698	141,685
Provision for PRC land appreciation tax for the period	48,438	239,227
<b>Deferred tax</b>	82,136	380,912
	42,903	23,002
	125,039	403,914

### Enterprise income tax

No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the six months ended 30 June 2014 (30 June 2013: Nil).

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Under the law of the PRC on enterprise income tax (the "EIT Law") and implementation regulation of the EIT Law, the Group's project companies were subject to PRC enterprise income tax at a rate of 25%.

## Land appreciation tax

PRC land appreciation tax is levied on properties developed by the Group for sale at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in property development business in the PRC are subject to land appreciation tax, which has been included in the income tax. However, the implementation of these taxes varies amongst different districts and the Group has not finalised its land appreciation tax returns with the various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the profit or loss and provisions for land appreciation tax in the period in which such determination is made.

## 7. EARNINGS PER SHARE

### (a) Earnings per ordinary share (Basic)

Earnings per ordinary share (basic) is calculated by dividing the profit attributable to owners of the Company allocated to ordinary shares by the weighted average number of ordinary shares in issue during the period and excluding ordinary shares purchased by the Group and held for Share Award Scheme.

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company allocated to ordinary shares	<u>10,735</u>	<u>197,696</u>
Weighted average number of ordinary shares (basic)	<u>1,109,098,028</u>	<u>1,017,977,273</u>

### (b) Earnings per convertible preference share (basic)

Earnings per convertible preference share (basic) is calculated by dividing the profit attributable to owners of the Company allocated to convertible preference shares by the number of convertible preference shares in issue during the period.

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company allocated to convertible preference shares	<u>14,378</u>	<u>N/A</u>
Number of convertible preference shares (basic)	<u>1,485,530,000</u>	<u>N/A</u>

(c) **Diluted earnings per share**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding based on the assumption that all dilutive potential ordinary shares are converted as follows:

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Weighted average number of ordinary shares (basic)	<b>1,109,098,028</b>	1,017,977,273
Effect of convertible preference shares	<b>1,485,530,000</b>	–
Effect of share awards	<b>23,192,000</b>	14,488,612
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted)	<b>2,617,820,028</b>	1,032,465,885

**8. INVESTMENT PROPERTIES**

	<b>As at 30 June 2014</b>	As at 31 December 2013
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
FAIR VALUE:		
Balance at 1 January	<b>1,719,000</b>	1,758,000
Additions	<b>552,179</b>	–
Cost capitalised	<b>24,000</b>	73,539
Transfer to completed properties held for sale	–	(32,000)
Disposals	<b>(55,000)</b>	–
Net increase (decrease) in fair value recognised in profit or loss	<b>115,821</b>	(80,539)
	<hr/>	<hr/>
Balance at end of period/year	<b>2,356,000</b>	1,719,000

All the Group's investment properties are stated at fair values at 30 June 2014. The fair values were arrived at based on valuations carried out by DTZ Debenham Tie Leung Limited. The valuations, which conform to the Valuation Standards (First Edition 2005) on the Valuation of Properties published by the Hong Kong Institute of Surveyors, have been determined by capitalisation of net income and, where appropriate, by reference to comparable sales evidence.

As at 30 June 2014, investment properties with a total carrying value of RMB1,372,000,000 (31 December 2013: RMB1,671,450,000) were pledged as collateral for the Group's borrowings.

**9. INTERESTS IN JOINT VENTURES**

	<b>As at 30 June 2014</b>	As at 31 December 2013
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Hainan Tianyuan Lifeng Shiye Company Limited ("Tianyuan Lifeng") (a)	<b>696,840</b>	654,381
Prosper Spring Investments Limited ("Prosper Spring") (b)	<b>133,055</b>	–
Shanghai Qiyu Enterprise Co., Ltd. ("Shanghai Qiyu")	<b>22,730</b>	22,730
	<hr/>	<hr/>
	<b>852,625</b>	677,111

(a) **Tianyuan Lifeng**

	<b>As at 30 June 2014 RMB'000 (Unaudited)</b>	As at 31 December 2013 RMB'000 (Audited)
Cost of investment	758,476	758,476
Share of post-acquisition losses	<u>(61,636)</u>	<u>(104,095)</u>
	<b><u>696,840</u></b>	<b><u>654,381</u></b>

Tianyuan Lifeng is 50.1% owned by the Group, and is mainly engaged in property development in Haikou, Hainan Province, the PRC.

(b) **Prosper Spring**

	<b>As at 30 June 2014 RMB'000 (Unaudited)</b>	As at 31 December 2013 RMB'000 (Audited)
Cost of investment	<u>133,055</u>	<u>–</u>

On 11 December 2013, the Group, through its then wholly-owned subsidiary, True Thrive Investments Limited (“True Thrive”), successfully won the bid for the land use rights of parcels of land located in Huangpu District, Shanghai, the PRC, at a total consideration of RMB5,950 million. On 14 January 2014, China Resources Land Limited whose shares are listed on the Stock Exchange (“China Resources”) and the Group entered into a cooperation agreement (the “Cooperation Agreement”). Pursuant to the Cooperation Agreement, a wholly-owned subsidiary of China Resources would subscribe while Prosper Spring, the parent company of True Thrive, will issue one new ordinary share at the subscription price of USD1.00, representing 50% of the issued share capital as enlarged by the subscription. Upon completion of the subscription in January 2014, the Group owns 50% equity interests in Prosper Spring and Prosper Spring becomes a joint venture to the Group. During the current period, the Group advanced RMB600,019,000 to Prosper Spring for its payment of the consideration for the land use rights which is interest free, repayable on demand and expected to be settled when the projects concerned commence presales.

**10. TRADE, OTHER RECEIVABLES AND ADVANCE DEPOSITS**

		<b>As at 30 June 2014 RMB'000 (Unaudited)</b>	As at 31 December 2013 RMB'000 (Audited)
Receivables due from related parties	(i)	367,046	38,936
Trade receivables due from third parties		17,184	25,889
Advance payments to contractors		86,634	66,968
Advance deposits for acquisition of land use rights		1,930,263	2,873,815
Amount due from a third party in relation to disposal of interest in a subsidiary		128,776	128,776
Deposits and others		592,009	664,541
Other tax prepayments	(ii)	<u>92,859</u>	<u>74,598</u>
<b>Total</b>		<b><u>3,214,771</u></b>	<b><u>3,873,523</u></b>

- (i) The receivables due from related parties are unsecured, non-interest bearing and repayable on demand.
- (ii) Other tax prepayments mainly represent prepayments of business tax during the pre-sale stage of certain properties under development.

The ageing analysis of trade receivables at each balance sheet date is as follows:

	<b>As at 30 June 2014 RMB'000 (Unaudited)</b>	As at 31 December 2013 RMB'000 (Audited)
Within 90 days	<b>16,956</b>	25,586
Over 90 days and within 180 days	<b>228</b>	303
	<b>17,184</b>	25,889

#### 11. TRADE, OTHER PAYABLES AND ADVANCE RECEIPTS

	<b>As at 30 June 2014 RMB'000 (Unaudited)</b>	As at 31 December 2013 RMB'000 (Audited)
Payables due to related parties	<b>3,858,560</b>	2,525,135
Trade payables	<b>1,487,085</b>	1,694,952
Advance receipts from customers	<b>2,319,292</b>	1,615,665
Other taxes payable	<b>27,347</b>	153,567
Deposits and other accruals	<b>440,958</b>	444,739
Unpaid land cost	<b>808,354</b>	891,030
Dividends payable	<b>104,246</b>	229
<b>Total</b>	<b>9,045,842</b>	7,325,317

The payables due to related parties are unsecured, non-interest bearing and repayable on demand.

The ageing analysis of trade payables at each balance sheet date is as follows:

	<b>As at 30 June 2014 RMB'000 (Unaudited)</b>	As at 31 December 2013 RMB'000 (Audited)
Within 90 days	<b>632,183</b>	655,179
Over 90 days and within 180 days	<b>273,271</b>	316,584
Over 180 days and within 365 days	<b>472,294</b>	515,175
Over 365 days and within 3 years	<b>109,337</b>	208,014
	<b>1,487,085</b>	1,694,952

## 12. BONDS

On 18 October 2013, the Company issued 4.75% bonds due 2016 (the “Bonds 2016”) with an aggregated nominal value of USD700,000,000 at a value equal to 99.655% of the face value. The Bonds 2016 are listed on the Stock Exchange. The Bonds 2016 carry interest at the rate of 4.75% per annum, payable semi-annually on 18 April and 18 October in arrears, and will mature on 18 October 2016, unless redeemed earlier. The net proceeds, after deducting the direct issuance costs, amounted to approximately USD692,424,000 (equivalent to RMB4,249,546,000). The Bonds 2016 have the benefit of a keep well deed from Greenland Holding.

The Bonds 2016 embedded certain options as below:

**(i) The issuer’s redemption option (redemption option No. 1)**

The Company may at any time redeem the Bonds 2016, in whole but not in part, at a redemption price equal to the Make Whole Price (as defined below) as of, and accrued and unpaid interest, if any, to (but excluding), the redemption date.

“Make Whole Price” means, at any redemption date, the amount calculated is the greater of (1) the present value of the principal amount of Bonds 2016, plus all required remaining scheduled interest payments from the redemption date to the maturity date (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate, which the rate per annum equal to the semi-annual equivalent yield in maturity of the comparable treasury issue plus 0.5 per cent, and (2) the principal amount of Bonds 2016.

**(ii) The issuer’s redemption option for taxation reason (redemption option No. 2)**

The Bonds 2016 may be redeemed at the option of the Company in whole, but not in part, at any time, at their principal amount (together with any interest accrued to the date fixed for redemption) in the event of certain changes affecting taxes of a relevant jurisdiction.

**(iii) The holder’s redemption option (redemption option No. 3)**

Following the occurrence of a Put Event (as defined below), the holder of Bonds 2016 will have the right, at such holder’s option, to require the Company to redeem all, but not some only, of such holder’s Bonds 2016 on the redemption date at 101% of their principal amount, together with accrued interest to the redemption date.

A “Put Event” will be deemed to occur if:

- (1) there is a change of control, and
- (2) within a period ending six months after the date notice of the change of control first becomes public (which period shall be extended so long as the Bonds 2016 are under consideration (as publicly announced within such six month period) for a possible rating downgrade), a rating downgrade occurs.

On 23 January 2014, the Company issued 5.50% bonds due 2018 (the “Bonds 2018”) with an aggregated nominal value of RMB1,500,000,000 at a value equal to 100.00% of the face value. The Bonds 2018 are listed on the Stock Exchange. The Bonds 2018 carry interest at the rate of 5.50% per annum, payable semi-annually on 23 January and 23 July in arrears, and will mature on 23 January 2018, unless redeemed earlier. The net proceeds, after deducting the direct issuance costs, amounted to approximately RMB1,489,284,718. The Bonds 2018 have the benefit of a keep well deed from Greenland Holding.

The Bonds 2018 embedded certain options as below:

**(i) The issuer's redemption option for taxation reason (redemption option No. 4)**

The Bonds 2018 may be redeemed at the option of the Company in whole, but not in part, at any time, at their principal amount (together with any interest accrued to the date fixed for redemption) in the event of certain changes affecting taxes of a relevant jurisdiction.

**(ii) The holder's redemption option (redemption option No. 5)**

Following the occurrence of a Put Event (as defined below), the holder of Bonds 2018 will have the right, at such holder's option, to require the Company to redeem all, but not some only, of such holder's Bonds 2018 on the redemption date at 101% of their principal amount, together with accrued interest to the redemption date.

A "Put Event" will be deemed to occur if:

- (1) there is a change of control, and
- (2) within a period ending six months after the date notice of the change of control first becomes public (which period shall be extended so long as the Bonds 2018 are under consideration (as publicly announced within such six month period) for a possible rating downgrade), a rating downgrade occurs.

The redemption option No.1 held by the Company is separately accounted for at fair value at the initial recognition date and each reporting date as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the redemption option No.1 is insignificant on initial recognition, 31 December 2013 and 30 June 2014.

The exercise prices of the other options embedded in Bonds 2016 and Bonds 2018 are approximately equal to the amortised costs of the host contracts. Hence, these options have risks and characteristics that are closely related to those of the host contracts and are not separated from the host contracts.

The movements of Bonds 2016 and Bonds 2018 are set out below:

	<i>RMB'000</i>
As at 31 December 2013 (Audited)	4,269,203
Net proceeds from Bonds 2018 issued on 23 January 2014	1,489,285
Interests and issue cost amortised during the period	144,445
Interest paid during the period	(102,387)
Exchange losses	39,130
	<hr/>
As at 30 June 2014 (Unaudited)	<u>5,839,676</u>

The balance of Bonds 2016 and Bonds 2018 are the end of each reporting period represented by:

	<b>As at 30 June 2014 RMB'000 (Unaudited)</b>	As at 31 December 2013 RMB'000 (Audited)
– Other payables – accrued interests	<b>78,261</b>	44,609
– Bonds	<b>5,761,415</b>	4,224,594
<b>– Total</b>	<b>5,839,676</b>	4,269,203

Liability component of the Bonds 2016 and Bonds 2018 represent the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Company. The effective interest rate of the liability component of Bonds 2016 and Bonds 2018 is 5.14% per annum and 5.70% per annum, respectively.

## BUSINESS REVIEW

### Results

During the first half of 2014, China experienced a number of changes which had some implications for its property market. Facing the ongoing changes and the market downturn caused by a large backlog of properties, a growing number of second- and third-tier cities loosened property control measures in the first half of 2014 to stimulate home purchases. In May 2014, the Chinese Central Bank required commercial banks to give priority to loan demands for first-time purchases of ordinary commercial residential housing, as well as their timely approval and payment of qualified individual housing loans and many Chinese cities gradually loosen the property-purchasing restrictions. Both governmental measures acted as pushing forces for the growth of property transactions. Benefiting from the positive signs from the government, strong support from Greenland Holding Group and a flexible pricing strategy, the Group achieved total contracted sales of RMB5,871 million, which is on track to achieve its annual sales target of RMB12 billion.

During the six months ended 30 June 2014, the Group recorded a total revenue of approximately RMB1,464,980,000, a decline of 58% from the same period last year. The decline was mainly attributable to fewer properties delivered during the period. Net profit attributable to owners of the Company was approximately RMB25,113,000, compared to RMB197,696,000 during the same period last year. Basic and diluted earnings per share attributable to owners of the Company amounted to RMB0.01, compared with RMB0.19 per share during the same period last year. The Board of Directors has resolved not to declare any interim dividend in respect of the six months ended 30 June 2014.

During the period under review, the total GFA sold and delivered amounted to 97,254 square meters, a 51% decrease from the 200,124 square meters sold and delivered during the same period in 2013. The average selling price still kept at a stable level of above RMB10,000 per square meter in the six-month period ended 30 June 2014. Revenue derived from property sales was approximately RMB1,178 million, a decrease of 64% from RMB3,296 million in the first half of 2013. The key projects completed and delivered in the first half of 2014 are as follows:

<b>Item</b>	<b>Approximate area sold and delivered in 1H2014 sqm</b>	<b>Approximate sales recognized in 1H2014 RMB'000</b>	<b>Average selling price (RMB/sq.m) RMB/sqm</b>
The Metropolitan	40,659	332,489	8,178
Greenland The Florea	13,915	252,557	18,150
Greenland Emerald Bay	8,762	130,250	14,865
Tiffany	11,102	119,149	10,732
Greenland Shanding Park	8,969	106,015	11,820
Greenland Xi Shui Dong	7,610	94,305	12,392
Cambridge Forest New Town	3,810	75,836	19,904
Global 188	875	21,540	24,617
Oriental Garden	1,552	20,571	13,255
<b>Sub-total</b>	<b>97,254</b>	<b>1,152,712</b>	<b>11,853</b>
Tiffany – parking lot		7,920	
Greenland Xi Shui Dong – parking lot		7,320	
Cambridge Forest New Town – parking lot		5,390	
The Metropolitan – parking lot		1,930	
Greenland Emerald Bay – parking lot		1,760	
Greenland The Florea – parking lot		934	
<b>Sub-total</b>		<b>25,254</b>	
<b>Total property sales</b>		<b>1,177,966</b>	

#### **Contracted Sales**

Despite fickle market sentiment, the Group strongly believes that demand for cost-effective properties among home buyers in cities with the highest disposable income will continue. From January to June 2014, the Group recorded a total contracted GFA of 814,052 square meters with a year-on-year increase of 648,392 square meters, and achieved total contracted sales of RMB5,871 million with a year-to-year increase of RMB4,173 million.

During the period under review, projects in second-tier cities continued to be the main contributor of contracted sales. The key projects that contributed significant volumes of contracted sales include Haikou projects (34%), Hangzhou project (14%), Kunming projects (13%) and Nanning projects (13%).

By selling the whole building in Nanning Greenland Center to a local financial institution in May 2014 at a total consideration of RMB488 million, RMB408 million of which has been paid in advance as a deposit for transaction, the Group launched its new business of customized large-quantity orders, which is expected to grow strongly and contribute significant revenue in the future. Benefiting largely from the Greenland brand and Greenland Holding Group's nationwide marketing network and extensive project operation experience, the Group achieved great success in pre-sale. For instance, Triumphal Arch located on Binggong Road in Xuzhou of Jiangsu Province was successfully launched on 28 June 2014. The Project will be developed into a high-end community in Xuzhou downtown jointly by the Group and China Resources. Given the prime location, sophisticated community, superior product quality and humanistic design, 277 units were sold within two days after launch.

### **Land Bank**

Capitalizing on the rich resources and excellent credit support of its parent company Greenland Holding Group and the cost-effective financing channels offered by the capital market, in February 2014 the Group won the bid for the land located in Xiuying District, near Wuyuan River in Haikou at a total consideration of RMB8.05 billion. The total land area is 975,717 square meters, the planned GFA is 3,273,100 square meters and the average land price is approximately RMB2,460 per square meter. The total project consists of residential, commercial properties and office building, sports and culture center, and parks.

In April 2014, the Group acquired a quality land parcel at base price on Pingle Boulevard, Wuxiang New Area, Nanning City, Guangxi Zhuang Autonomous Region at a total consideration of RMB459 million. The total land area is 98,600 square meters and the planned GFA is 345,000 square meters, and the average land price is approximately RMB1,330 per square meter. It is the second plot of land the Group acquired in Nanning City after the first acquisition in November 2013. The land is for residential and commercial purpose. A total of 17 high-rises each above 30 floors will be built on the land.

In April 2014, the Group also completed the capital injection of three Kunming projects (Greenland Hai Po Lan Ting, Greenland Xiang Shu Hua Cheng and Greenland Yunduhui Square) from Greenland Holding Group through the EGM voting. The total site area of the three projects is 285,704 square meters and the planned GFA is 684,374 square meters. And there will be a mixed development of residential, office and commercial.

As at 30 June 2014, the Group held a land bank of approximately 13.75 million square meters, with prime sites strategically located in key cities of regional economic importance in the Yangtze River Delta and southern China coastal area. The current land bank is sufficient to support the Group's development pipeline for the next three to five years, but the Group is continuously looking for high quality sites which demonstrate strong potential.

## **Financial Restructuring**

Through the diversified financing tools and channels in offshore and onshore capital markets in second half of 2013 and 2014 at both corporate and project level, the Group restructured its financial position consisted of medium to long term and relatively low cost bonds and loans, empowering the Group to travel light in the long journey with greater flexibility as it looks for ongoing market opportunities to grow its business and increase its capital capability. Backed by the parent company's strong credit support and a prudent financial approach, the Group has achieved its target to decrease the average financing cost to be lower than 5.5% in the Period.

In January 2014, the Group successfully issued RMB1.5 billion bonds at the rate of 5.5% per annum due 2018, and obtained a three-year offshore loan in US dollar and HK dollar with an aggregate amount equivalent to approximately USD 320 million, and a three-year onshore loan facility of RMB1 billion for Greenland Cifi City Project in Hangzhou.

In July 2014, the Group established a USD2 billion medium term note programme under which it may issue Notes in series or tranches of aggregate nominal amount of up to USD2 billion (or its equivalent in other currencies), which obtained a rating of 'Ba1' by Moody's, 'BB+' by S&P and 'BBB-' by Fitch, and issued USD500 million 4.375% notes due 2017 under the programme. The Group will flexibly drawdown the undrawn part of the medium term note programme according to the Group's operation.

## **Outlook**

China's property industry is embracing a new phase of the development cycle – the consolidation stage. It's predicted that the strong will become stronger and the weak will be marginalized and that industry consolidation will accelerate. Therefore, it is a priority of the Group to achieve rapid growth by sharpening its competitive edge and establishing strong leadership.

In order to do so, the Group will start by consolidating its own resources. By relying on the strong background of Greenland Holding Group, our parent company, as a state-owned enterprise and its fine government resources, the Group will be able to acquire land efficiently at competitive prices and enjoy favorable terms and government support during project implementation. The existing powerful Greenland brand will be used for the Group's projects. As far as operations are concerned, management and sales resources from the parent company will be fully leveraged to reduce operating costs and enjoy economies of scale. In terms of financing, the Group will adopt a flexible yet prudent approach to obtain low-cost financing portfolio by the parent company's excellent credit.

“Balance” will be one of the key words that guide the Group's direction of its business development. It will stay tuned to ever-changing market demands and speed up the turnover of product development, contracted sales and cash flow. It is, however, mindful of the risk of growing too rapidly and will not sacrifice quality over speed. Its long-term development will focus on a balanced pace of growth, quality products and sustainability.

The Group will mainly target prime sites in first- and second-tier cities of regional economic importance in the Yangtze River Delta, southern China coastal area and southeast coastal area. The economic dynamics of these thriving locations and the increasing size of the working-age populations have been boosting the demand for affordable homes and better living environments.

In terms of product strategy, for residential properties, the Group is determined to develop quality products and selling them at affordable prices. Quality products are not necessarily luxurious examples of architecture, rather properties which pay attention to details and functionality and offer added value to homebuyers; for commercial properties, built-to-suit and formulation of a substantial order model will be the new directions that the Group will continue to explore, and nurture it as a potential strong revenue driver.

## FINANCIAL PERFORMANCE

### Revenue

The total revenue of the Group for 1H2014 decreased by approximately 58% as compared to 1H2013, from approximately RMB3,474 million to approximately RMB1,465 million.

Sales of property, the core business activity, generated revenue of approximately RMB1,178 million, accounting for approximately 80% of the total revenue. The revenue of the Group from other segments includes lease of properties, property management and other related service, hotel and golf operation and education.

	<b>Six months ended 30 June</b>		
	<b>1H2014</b>	<b>1H2013</b>	<b>Change</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of properties	1,177,966	3,295,810	-2,117,844
Lease of properties	36,331	29,778	6,553
Property management income & other related service	136,632	39,604	97,028
Hotel and related services	74,486	70,818	3,668
Education	39,565	37,666	1,899
	<u>1,464,980</u>	<u>3,473,676</u>	<u>-2,008,696</u>
Total	<u>1,464,980</u>	<u>3,473,676</u>	<u>-2,008,696</u>

### Cost of sales

Cost of sales decreased by approximately 54% to approximately RMB1,142 million, as compared to RMB2,503 million in 1H2013. The cost of sales mainly comprised land costs, construction costs, capitalized finance costs and sales tax.

## **Gross profit and margin**

Gross profit decreased to approximately RMB323 million from RMB970 million in 1H2013 and gross profit margin decreased from 28% to 22% due to the different product mix as compared with the corresponding period last year.

## **Other gains and losses and other expenses**

In 1H2014, the Group recorded other losses and other expenses of approximately RMB20 million, which was mainly attributable to the penalty fee.

## **Operating expenses**

With the development and expansion of the Group, administrative expenses and selling and marketing expenses increased from RMB166 million and RMB38 million in 1H2013 to RMB185 million and RMB88 million in 1H2014 respectively.

## **Finance Expenses**

The finance expenses decreased from RMB232 million in 1H2013 to RMB92 million in 1H2014. This decrease was mainly because of the sharp decrease of average financing cost.

## **Fair Value Gains/Losses on Investment Properties**

The Group recorded fair value gains on investment properties of approximately RMB116 million in 1H2014, as compared with a loss of RMB50 million in 1H2013. The fair value gain was mainly attributable to the investment properties in Nanning and Wuxi.

## **Share of Gains/Losses of Associates and Joint Ventures**

The Group recorded a profit from share of operating results of Joint Ventures in 1H2014 amounting to RMB42 million as compared to a loss of RMB120 million in 1H2013. The gains were mainly attributable to the property delivery of Hai Chang Liu project in 1H2014.

## **Income Tax**

Income tax decreased by 69% from RMB404 million in 1H2013 to RMB125 million in 1H2014. The decrease was mainly due to less LAT and CIT provision accrued for the property delivery.

## **Profit Attributable to Owners of the Company**

The Group's profit attributable to owners of the Company amounted to approximately RMB25 million during the period under review, a decrease of 87% compared to RMB198 million in 1H2013.

## **Financial Position**

Total equity of the Company was RMB5,701 million as at 30 June 2014 (31 December 2013: RMB5,707 million). Total assets amounted to RMB26,532 million (31 December 2013: RMB21,740 million) and total liabilities stood at RMB20,831 million (31 December 2013: RMB16,033 million).

## **Liquidity and Financial Resources**

The Group's business operations, bank borrowings and cash proceeds raised have been the primary source of liquidity of the Group, which have been applied in business operations and investment in development projects.

Net gearing (total borrowings less cash and cash equivalents including restricted cash over total equity) stood at a level of 151% as at 30 June 2014 (100% as at 31 December 2013). The Group had total cash and cash equivalents (including restricted cash) of RMB2,107 million, total borrowings of RMB10,742 million and an equity base of RMB5,701 million as at 30 June 2014.

## **Treasury Policy**

The business transactions of the Group were mainly denominated in Renminbi. Apart from fund raising transactions in the capital market, there is limited exposure in foreign exchange risk.

The Group has established a treasury policy with the objective of better controlling treasury functions and lowering costs of funds. In providing funds to all its operations, funding terms have been centrally reviewed and monitored at Group level.

In accomplishing the aim of minimizing interest risk, the policy of the Group is to continue closely monitoring and managing the Group's loan portfolio by its existing agreements' interest margin spread with market interest rates and offers from banks.

## **Credit Policy**

Trade receivables mainly arose from sale and lease of properties. Receivables in respect of sale and lease of properties are settled in accordance with the terms stipulated in the sale and purchase agreements and lease agreements.

## **Pledge of Assets**

As at 30 June 2014, the Group pledged properties, land use rights and time deposit with a carrying value of RMB5.6 billion to secure bank facilities granted to the Group. The total secured loan balance outstanding as at 30 June 2014 amounted to RMB4.8 billion.

## Financial Guarantees

As at 30 June 2014, the Group provided guarantees to banks for:

	<b>30 June 2014</b>	31 December 2013
	<i>RMB'000</i>	<i>RMB'000</i>
Mortgage	<u>1,643,680</u>	<u>506,948</u>

## Capital Commitment

	<b>30 June 2014</b>	31 December 2013
	<i>RMB'000</i>	<i>RMB'000</i>
Property development activities:		
– Contracted but not provided for	4,746,143	7,735,884
– Authorized but not contracted for	<u>14,844,320</u>	<u>2,722,895</u>
Total of property development	<u>19,590,463</u>	<u>10,458,779</u>

## HUMAN RESOURCES

As at 30 June 2014, the Group employed a total of 1,931 employees (30 June 2013: 1,843). The Group has adopted a performance-based rewarding system to motivate its staff. In addition to a basic salary, year-end bonuses are offered to staff with an outstanding performance. Share award schemes were adopted to attract and retain talent to contribute to the Group. In relation to staff training, the Group also provides various staff programs to improve their skills and develop their respective expertise.

## CORPORATE GOVERNANCE

During the six-month period ended 30 June 2014, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (“**CG Code**”) contained in Appendix 14 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for code provisions A.2.1., A.4.2 and E.1.2 as described below.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. From 1 January 2014 to 30 June 2014, Mr. CHEN Jun has undertaken the role of both Chairman of the Board and Chief Executive Officer of the Company. The Company considers that the combination of the roles is conducive to the efficient formulation and implementation of the Group’s strategies and policies and such combination has not impaired the corporate governance practices of the Group. The balance of power and authority is ensured by the management of the Company’s affairs by the Board which meets regularly to discuss and determine issues concerning the operations of the Group.

Code A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.

Pursuant to the Company's articles of association, any person appointed as a Director by the Board shall stand for re-election at the next following annual general meeting of the Company. Such arrangement is considered appropriate in light of the requirement of paragraph 4(2) of Appendix 3 to the Listing Rules which requires that any person appointed by the directors to fill a casual vacancy shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

Code E.1.2 stipulates that the chairman of the Board should attend annual general meetings. The chairman of the Board did not attend the annual general meeting of the Company held on 3 June, 2014 due to other business commitment.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2014.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2014, except that the trustee of the share award scheme, pursuant to the terms of the trust deed of the share award scheme, purchased on The Stock Exchange of Hong Kong Limited a total of 1,050,000 shares of the Company at a total consideration of HK\$3,765,398.

## **USE OF PROCEEDS**

Reference is made to the announcement of the Company dated 8 May 2013 and the circular of the Company dated 11 July 2013 regarding the subscription by Gluon Xima for Subscription Shares at the total consideration of approximately HKD2,996 million. The amount of net proceeds (after deduction of expenses) from the Subscription was approximately HKD2,940 million. The Company has utilised first, approximately HKD1,340 million for the payment and satisfaction of the Special Dividend; and second, approximately HKD1,600 million for general corporate purposes of the Group (including the future development of the Group's real estate projects).

## **AUDIT COMMITTEE**

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the four independent non-executive Directors of the Company.

The audit committee has reviewed the interim results for the six months ended 30 June 2014 with the management of the Company.

## **PUBLICATION OF INTERIM REPORT**

The 2014 interim report containing all the information required by the Listing Rules will be published on The Stock Exchange of Hong Kong Limited's website ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website ([www.greenlandhk.com](http://www.greenlandhk.com)).

By order of the Board  
**Greenland Hong Kong Holdings Limited**  
**Chen Jun**  
*Chairman*

Hong Kong, 29 August 2014

*As at the date of this announcement, the executive Directors are Mr. Chen Jun, Mr. Wang Weixian, Mr. Hou Guangjun, Mr. Wu Zhengkui, Ms. Wang Xuling and Mr. You Defeng; and the independent non-executive Directors are Mr. Cheong Ying Chew, Henry, Mr. Fong Wo, Felix, JP and Mr. Kwan Kai Cheong.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*