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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)

US\$450 million 3.875 per cent. Notes due 2019

(Stock Code: 5691)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

HIGHLIGHTS

- Contracted sales reached approximately RMB9,161 million for 1H2016, an increase of approximately 30% from 1H2015
- Revenue for 1H2016 was approximately RMB5,232 million, an increase of approximately 456% from 1H2015
- Completion of disposal of Shanghai Sipo Education at a total consideration of approximately RMB348 million in March 2016
- In May 2016, established an investment partnership (limited partnership) with Cinda (HK) Holdings Company Limited to subscribe and issue the Fund pursuant to the joint investment real estate projects
- In August 2016, signed strategic cooperation agreement with Guangxi Railway Investment (Group) Co., Limited to establish city development fund
- Acquisition of a piece of land in Wujiang Economic and Technological Development Zone of Suzhou City in May 2016
- Issue of US\$120 million of senior perpetual capital securities and US\$450 million of 3.875% notes due 2019 in July 2016
- Average financing cost further decreases to approximately 4.68% as at the date of this announcement

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

FOR THE SIX MONTHS ENDED 30 JUNE 2016

		Six months ended 30 June	
		2016	2015
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	4	5,232,250	940,633
Cost of sales		(4,762,452)	(740,661)
		469,798	199,972
Gross profit			
Other income and other operating expenses	5	(241,311)	74,485
Selling and marketing costs		(177,821)	(163,360)
Administrative expenses		(228,250)	(174,212)
Finance expenses	6	(79,626)	(111,891)
Fair value changes on investment properties	10	358,905	293,759
Share of losses of an associate		(3,306)	–
Share of gains (losses) of joint ventures		2,915	(37,354)
		101,304	81,399
Profit before income tax			
Income tax expense	7	(238,438)	(31,656)
(Loss) profit for the period from continuing operations		(137,134)	49,743
Discontinued operations			
Profit for the period from discontinued operations	15	180,063	20,575
Profit for the period		42,929	70,318
Attributable to:			
Owners of the Company		101,021	87,622
Non-controlling interests		(58,092)	(17,304)
		42,929	70,318
Earnings per share:			
From continuing and discontinued operations			
Ordinary share (basic and diluted) (RMB)	9	0.04	0.03
Convertible preference share (basic and diluted) (RMB)	9	N/A	0.03

	<i>Notes</i>	Six months ended 30 June	
		2016	2015
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
From continuing operations			
Ordinary share (basic and diluted) (RMB)		(0.03)	0.03
Convertible preference share (basic and diluted) (RMB)	9	N/A	0.03
Profit for the period		42,929	70,318
Other comprehensive income for the period, net of income tax		–	–
Total comprehensive income for the period		42,929	70,318
Total comprehensive income attributable to:			
Owners of the Company		101,021	87,622
Non-controlling interests		(58,092)	(17,304)
		42,929	70,318

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS at 30 June 2016

	As at 30 June 2016	As at 31 December 2015
<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	1,308,477	1,546,906
Intangible assets	1,371	1,386
Land use rights	28,253	74,738
Other financial assets	174,567	174,567
Investment properties	7,899,000	7,246,000
Properties under development	14,028,712	15,587,580
Interests in an associate	–	–
Interests in joint ventures	309,102	296,187
Deferred tax assets	246,270	269,727
	23,995,752	25,197,091
CURRENT ASSETS		
Properties under development	8,367,304	8,716,805
Completed properties held for sale	6,649,983	4,885,603
Tax recoverable	462,841	297,292
Trade and other receivables, deposits and prepayments	6,436,918	4,917,358
Other financial assets	535,365	143,000
Restricted cash	427,375	621,618
Cash and cash equivalents	3,864,579	5,207,187
	26,744,365	24,788,863
Total current assets	26,744,365	24,788,863
Total assets	50,740,117	49,985,954

	<i>Notes</i>	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
EQUITY			
Share capital		1,132,855	1,132,855
Share premium		3,416,546	3,416,546
Treasury shares		(49,279)	(49,279)
Reserves		870,726	878,745
Retained earnings		1,659,605	1,550,565
Total equity attributable to owners of the Company		7,030,453	6,929,432
Non-controlling interests		664,493	758,676
Total equity		7,694,946	7,688,108
NON-CURRENT LIABILITIES			
Interest-bearing loans		5,596,447	6,577,283
Long-term payable		–	26,494
Bonds	<i>14</i>	4,790,853	4,714,521
Deferred tax liabilities		925,743	875,234
Total non-current liabilities		11,313,043	12,193,532
CURRENT LIABILITIES			
Interest-bearing loans		4,037,912	3,265,938
Trade and other payables	<i>13</i>	12,021,577	12,188,018
Pre-sale deposits		10,420,915	9,283,538
Tax payable		615,331	831,413
Bonds within one year	<i>14</i>	4,636,393	4,529,407
Long-term payable within one year		–	6,000
Total current liabilities		31,732,128	30,104,314
Total liabilities		43,045,171	42,297,846
Total equity and liabilities		50,740,117	49,985,954
Net current liabilities		(4,987,763)	(5,315,451)
Total assets exceed current liabilities		19,007,989	19,881,640

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

1. GENERAL INFORMATION

Greenland Hong Kong Holdings Limited (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 2007, 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 the 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 Holdings Corporation Limited (“Greenland Holdings”). Greenland Holdings 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 Group Company Limited became the ultimate holding company of the Company. At 30 June 2015, Greenland Holdings 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”).

As of 30 June 2016, Greenland Hong Kong Holdings Limited and its subsidiaries’ (collectively referred to as the “Group”) net current liabilities are approximately RMB4,987,763,000 (31 December 2015: RMB5,315,451,000). The directors consider the Group is able to operate as a going concern, taken into account the cash flows generated from operating activities, and unused loan facilities from banks, amounting RMB3,229,770,000 (31 December 2015: RMB4,001,000,000) to meet its liquidity requirements in the next twelve months. The condensed consolidated financial statements have been prepared on the basis that the Group will continue to operate throughout the next twelve months as a going concern.

2A SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

As described in Note 15, on 4 March 2016, the Company disposed of its 67.14% equity interest in Shanghai Sipo Education Development Co., Limited (“Sipo”) that carried out of all of the Group’s education operations (“Education Operation”) to its related party Shanghai Xinhua Faxing Group Limited. The gain on disposal of Education Operations is approximately RMB246,569,000.

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 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, certain amendments to International Financial Reporting Standards ("IFRSs") issued by the IASB that are mandatorily effective for the Group's financial year beginning on 1 January 2016.

The application of the 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, results, assets and liabilities by reportable segments:

	Sales of properties <i>RMB'000</i>	Lease of properties <i>RMB'000</i>	Hotel & related services <i>RMB'000</i>	Property management & other services <i>RMB'000</i>	Total <i>RMB'000</i>
For the six months ended					
30 June 2016 (unaudited)					
Revenue from external customers	4,998,322	22,349	87,562	124,017	5,232,250
Inter-segment revenue	–	–	–	52,990	52,990
Reportable segment revenue	<u>4,998,322</u>	<u>22,349</u>	<u>87,562</u>	<u>177,007</u>	<u>5,285,240</u>
Reportable segment profit (loss) before income tax	<u>16,676</u>	<u>366,240</u>	<u>(4,935)</u>	<u>2,042</u>	<u>380,023</u>
As at 30 June 2016 (unaudited)					
Reportable segment assets	<u>43,405,222</u>	<u>7,899,000</u>	<u>1,584,199</u>	<u>983,800</u>	<u>53,872,221</u>
Reportable segment liabilities	<u>29,572,347</u>	<u>4,816,463</u>	<u>1,332,353</u>	<u>609,351</u>	<u>36,330,514</u>

	Sales of properties <i>RMB'000</i>	Lease of properties <i>RMB'000</i>	Hotel & related services <i>RMB'000</i>	Property management & other services <i>RMB'000</i>	Total <i>RMB'000</i>
For the six months ended					
30 June 2015 (unaudited)					
Revenue from external customers	751,265	30,402	82,511	76,455	940,633
Inter-segment revenue	–	–	–	39,317	39,317
Reportable segment revenue	<u>751,265</u>	<u>30,402</u>	<u>82,511</u>	<u>115,772</u>	<u>979,950</u>
Reportable segment profit (loss) before income tax	<u>(231,419)</u>	<u>306,826</u>	<u>(19,248)</u>	<u>27,555</u>	<u>83,714</u>
As at 31 December 2015 (audited)					
Reportable segment assets	<u>41,687,254</u>	<u>7,246,000</u>	<u>3,062,789</u>	<u>909,108</u>	<u>52,905,151</u>
Reportable segment liabilities	<u>27,934,631</u>	<u>4,418,293</u>	<u>2,765,456</u>	<u>554,718</u>	<u>35,673,098</u>

Reconciliation of reportable segment revenue, results, assets and liabilities

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue	5,285,240	979,950
Elimination of inter-segment revenue	(52,990)	(39,317)
Consolidated revenue	<u>5,232,250</u>	<u>940,633</u>
Profit		
Reportable segment profit before income tax	380,023	83,714
Unallocated expenses	(7,790)	(22,276)
Net foreign exchange (losses) gains	(270,538)	57,731
Share-based payments	–	(416)
Share of losses of associate	(3,306)	–
Share of gains (losses) of joint ventures	2,915	(37,354)
Consolidated profit before income tax	<u>101,304</u>	<u>81,399</u>

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Assets		
Reportable segment assets	53,872,221	52,905,151
Elimination of inter-segment receivables	(2,712,589)	(2,904,613)
Elimination of inter-segment investments	(728,617)	(707,031)
Interests in joint ventures	309,102	296,187
Assets related to education operations (now discontinued)	–	396,260
	<u>50,740,117</u>	<u>49,985,954</u>
Liabilities		
Reportable segment liabilities	36,330,514	35,673,098
Elimination of inter-segment payables	(2,712,589)	(2,904,614)
Bonds	9,427,246	9,243,928
Liabilities related to education operations (now discontinued)	–	285,434
	<u>43,045,171</u>	<u>42,297,846</u>

5. OTHER INCOME AND OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Other income		
Finance income	30,150	31,904
Fair value changes on financial derivatives	12,185	–
Government grants	7,847	2,109
Forfeited deposit from customers	1,861	–
Others	3,552	3,965
	<u>55,595</u>	<u>37,978</u>
Foreign exchange (losses) gain	(319,509)	57,731
Less: exchange loss capitalised	48,971	–
	<u>(270,538)</u>	<u>57,731</u>
Net exchange (losses) gains		
Other operating expenses		
Write-down of completed properties held for sale	(18,578)	–
Penalties	(4,289)	(18,816)
Loss on disposal of other investment	–	(500)
Others	(3,501)	(1,908)
	<u>(26,368)</u>	<u>(21,224)</u>
Total	<u>(241,311)</u>	<u>74,485</u>

6. FINANCE EXPENSES

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Interest expenses on loans and bonds	498,085	471,860
Less: interest capitalised	(418,459)	(359,969)
	<hr/>	<hr/>
Finance expenses	79,626	111,891
	<hr/>	<hr/>

7. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Current tax:		
Provision for PRC enterprise income tax for the period	137,483	10,964
Provision for PRC land appreciation tax for the period	27,911	17,696
Over provision for PRC land appreciation tax for prior period	–	(95,501)
	<hr/>	<hr/>
Deferred tax	165,394	(66,841)
	73,044	98,497
	<hr/>	<hr/>
	238,438	31,656
	<hr/>	<hr/>

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 2016 (30 June 2015: 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 are 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 Company 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 judgment 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.

8. DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2016 (for the six months ended 30 June 2015: Nil).

9. EARNINGS PER SHARE

From continuing and discontinued operations

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

(a) Earnings per ordinary share (basic)

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Profit attributable to owners of the Company allocated to ordinary shares	<u>101,021</u>	<u>53,244</u>
Weighted average number of ordinary shares (basic)	<u>2,770,979,683</u>	<u>1,602,598,202</u>

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company allocated to convertible preference shares	–	34,378
Weight average number of convertible preference shares (basic) (2015: approximate number of convertible preference shares)	–	1,034,756,597

(c) **Diluted earnings per share**

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares (basic)	2,770,979,683	1,602,598,202
Effect of convertible preference shares	–	1,034,756,597
Effect of ordinary shares purchased by the Group	–	9,218,493
Weighted average number of total shares (diluted)	2,770,979,683	2,646,573,292

From continuing operations

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

(a) **Earnings per ordinary share (basic)**

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss) profit attributable to owners of the Company allocated to ordinary shares	(79,369)	44,850
Weighted average number of ordinary shares (basic)	2,770,979,683	1,602,598,202

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company allocated to convertible preference shares	–	28,958
Weight average number of convertible preference shares (basic) (2015: approximate number of convertible preference shares)	–	1,034,756,597

(c) **Diluted earnings per share:**

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings figures are calculated as follow: Profit for the period attributable to the owners of the Company	101,021	87,622
Less: profit for the period from discontinued Operations	180,390	13,814
(Losses) earnings for the purpose of calculating basic earnings per share from continuing operations	(79,369)	73,808
Effective of diluted potential ordinary shares	2,770,979,683	1,602,598,202
Effective of convertible preference shares	–	1,034,756,597
Effective of Share Award Scheme	–	9,218,493
Numbers of shares for the purpose of calculating diluted earnings per share from continuing operations	2,770,979,683	2,646,573,292

10. INVESTMENT PROPERTIES

	As at 30 June 2016 <i>RMB'000</i> (Unaudited)	As at 31 December 2015 <i>RMB'000</i> (Audited)
Investment properties under development		
Balance at beginning of period/year	5,856,000	3,994,000
Additions	416,506	798,067
Net increase in fair value recognised in profit and loss	<u>357,494</u>	<u>1,063,933</u>
Balance at end of period/year	<u>6,630,000</u>	<u>5,856,000</u>
Completed investment properties		
Balance at beginning of period/year	1,390,000	1,728,000
Disposal	(122,411)	(389,316)
Net increase in fair value recognised in profit and loss	<u>1,411</u>	<u>51,316</u>
Balance at end of period/year	<u>1,269,000</u>	<u>1,390,000</u>
	<u>7,899,000</u>	<u>7,246,000</u>

All the Group's investment properties are stated at fair values at 30 June 2016. The fair values of investment properties with State-Owned Land Use Rights were arrived at based on valuations carried out by Debenham Tie Leung Limited ("DTZ"). The fair values of investment properties without State-Owned Land Use Rights were arrived at the director's estimation taking into account of inputs from the valuer.

As at 30 June 2016, investment properties with a total carrying value of RMB570,000,000 (31 December 2015: RMB570,000,000) were pledged as collateral for the Group's borrowings.

11. INTERESTS IN JOINT VENTURES

	As at 30 June 2016 <i>RMB'000</i> (Unaudited)	As at 31 December 2015 <i>RMB'000</i> (Audited)
Forever Rich Enterprise Limited ("Forever Rich") (1)	299,102	296,187
Haikou Chengjian Green Island Landscape Engineering Co., Ltd ("Haikou Chengjian") (2)	<u>10,000</u>	<u>–</u>
	<u>309,102</u>	<u>296,187</u>

(1) **Forever Rich**

	As at 30 June 2016 <i>RMB'000</i> (Unaudited)	As at 31 December 2015 <i>RMB'000</i> (Audited)
Cost of investment	306,092	306,092
Share of post-acquisition losses	(6,990)	(9,905)
	<u>299,102</u>	<u>296,187</u>

Forever Rich and its subsidiary, China Resources Land (Suzhou) Co., Ltd, are 50% owned by the Group, and China Resources Land (Suzhou) Co., Ltd is mainly engaged in property development in Suzhou, Jiangsu Province, the PRC.

(2) **Haikou Chengjian**

	As at 30 June 2016 <i>RMB'000</i> (Unaudited)	As at 31 December 2015 <i>RMB'000</i> (Audited)
Cost of investment	10,000	–
Share of post-acquisition gains	–	–
	<u>10,000</u>	<u>–</u>

In March 2016, Haikou Chengjian was established by the Group and other two shareholders. The Group occupied 32.5% equity interest. According to the Articles of Association of Haikou Chengjian, the Group and other shareholders jointly control Haikou Chengjian, Therefore, Haikou Chengjian is recognised as a joint venture. It is mainly engaged in landscape engineering.

12. TRADE, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2016 <i>RMB'000</i> (Unaudited)	As at 31 December 2015 <i>RMB'000</i> (Audited)
Receivables due from related parties	1,938,882	1,435,787
Advance to related parties	271,280	299,757
Trade receivables due from third parties	334,138	286,778
Advance payments to contractors	741,217	570,786
Advance deposits for acquisition of land use rights	1,077,573	311,693
Non-trade receivables	1,670,471	1,531,406
Other tax prepayments	403,357	481,151
Total	<u>6,436,918</u>	<u>4,917,358</u>

In general, the Group provides no credit term to its customers.

The following is an analysis of trade receivables by age, presented based on the revenue recognition date, net of allowance for doubtful debts.

	As at 30 June 2016 <i>RMB'000</i> (Unaudited)	As at 31 December 2015 <i>RMB'000</i> (Audited)
Within 90 days	75,470	273,115
Over 90 days and within 180 days	10,786	276
Over 180 days and within 365 days	247,882	13,387
	<u>334,138</u>	<u>286,778</u>

13. TRADE AND OTHER PAYABLES

	As at 30 June 2016 <i>RMB'000</i> (Unaudited)	As at 31 December 2015 <i>RMB'000</i> (Audited)
Trade payables	4,108,009	4,313,172
Payables due to related parties	4,833,693	5,111,524
Dividends payable	233	230
Unpaid land cost	801,463	702,174
Other taxes payable	9,993	23,929
Interest payable	171,288	173,290
Other payables and accruals	2,096,898	1,863,699
	<u>12,021,577</u>	<u>12,188,018</u>

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

The following is an analysis of trade payables by age, presented based on the construction services are received from suppliers.

	As at 30 June 2016 <i>RMB'000</i> (Unaudited)	As at 31 December 2015 <i>RMB'000</i> (Audited)
Within 90 days	3,096,100	3,669,507
Over 90 days and within 180 days	453,538	510,249
Over 180 days and within 365 days	439,591	33,350
Over 365 days and within 3 years	118,780	100,066
	<u>4,108,009</u>	<u>4,313,172</u>

14. BONDS

On 18 October 2013, the Company issued 4.75% bonds due 2016 (the “A Bond”) with an aggregated nominal value of USD700,000,000 at a value equal to 99.655% of the face value. The A Bond is listed on The Stock Exchange of Hong Kong Limited. The Bonds 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).

On 23 January 2014, the Company issued 5.50% bonds due 2018 (the “B Bond”) with an aggregated nominal value of RMB1,500,000,000 at a value equal to 99% of the face value. The B Bond is listed on The Stock Exchange of Hong Kong Limited. The B Bond carries 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 RMB1,490,465,000.

On 7 August 2014, the Company issued 4.375% bonds due 2017 (the “C Bond”) with an aggregated nominal value of USD500,000,000 at a value equal to 99.31% of the face value. The C Bond is listed on The Stock Exchange of Hong Kong Limited. The C Bond carries interest at the rate of 4.375% per annum, payable semi-annually on 7 February and 7 August in arrears and will mature on 7 August 2017, unless redeemed earlier. The net proceeds after deducting the direct issuance costs, amounted to approximately USD492,287,000 (equivalent to RMB3,035,935,000).

The A Bond, B Bond and C Bond (the “Bonds”) have the benefit of a keepwell deed from Greenland Holding Group Company Limited, the ultimate controlling shareholder of the Company.

The Bonds embedded certain options as below:

(1) The issuer’s redemption option all for A Bond (redemption option No. 1)

The Company may at any time redeem the A Bond, in whole but not in part, at a redemption price equal to the Make Whole Price as of, and accrued and unpaid interest, if any, to (but excluding), the redemption date. “Make Whole Price” means, with respect to a Bond at any redemption date, the amount calculated is the greater of (1) the present value of the principal amount of such Bond, plus all required remaining scheduled interest payments due on such Bond from the optional redemption date to the maturity date (but excluding accrued and unpaid interest to the option 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 such Bonds.

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

The Bonds 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.

(3) The holder's redemption option (redemption option No. 3)

Following the occurrence of a Put Event, the holder of any Bonds will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Event Put Date at 101% of their principal amount, together with accrued interest to the Put Event Put 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 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 derivative financial instruments.

The exercise price of both redemption option No. 2 held by the Company and the redemption option No. 3 held by the bondholder is approximately equal to the amortised cost of the host contract. Hence, the redemption options No. 2 and No. 3 have risks and characteristics that are closely related to those of the host contract and are not separated from the host contract.

The movements of different components of Bonds are set out below:

	Liability component RMB'000	Call option of the Company RMB'000	Total RMB'000
As at 1 January 2016	9,381,698	–	9,381,698
Interests and issue cost amortised during the year	240,432	–	240,432
Interest paid during period	(221,098)	–	(221,098)
Changes due to foreign exchange changes	164,705	–	164,705
As at 30 June 2016	<u>9,565,737</u>	–	<u>9,565,737</u>
Represented by		30 June 2016 RMB'000	31 December 2015 RMB'000
– Other payables – accrued interests		138,491	137,770
– Bonds		9,427,246	9,243,928
– Total		<u>9,565,737</u>	<u>9,381,698</u>

Liability component of the Bonds represents 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 is 4.934%-5.734% per annum for 30 June 2016.

At 30 June 2016, the liability component of the Bonds was repayable as follows:

Represented by	30 June	31 December
	2016	2015
	RMB'000	RMB'000
Within one year	4,636,393	4,529,407
After one year but within two years	4,790,853	3,218,901
After two years but within five years	–	1,495,620
Total	<u>9,427,246</u>	<u>9,243,928</u>

15. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

On 22 January 2016, the Group decided to sale its Education Operations. During the current interim period, the Group entered into a sale agreement to dispose of its 67.14% equity interest in Sipo. The disposal was completed on 4 March 2016, on which date the Group lost control of Sipo. The Group's Education Operations are treated as discontinued operations.

The profit from the discontinued operations for the current and preceding interim periods is analysed as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
(Loss) profit of Education Operations for the period	(993)	20,637
Gains on disposal of Education Operations	246,569	–
Attributable income tax expense	(65,513)	(62)
	<u>180,063</u>	<u>20,575</u>

The results of the Education Operations for the current and preceding interim periods were as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Revenue	14,921	60,595
Cost of sales	(10,711)	(5,456)
Other gains and losses and other expenses	–	111
Administrative expenses	(5,198)	(32,767)
Finance costs	(5)	(1,846)
(Loss) profit before tax	(993)	20,637
Income tax expense	–	(62)
(Loss) profit for the period	<u>(993)</u>	<u>20,575</u>

	<i>RMB'000</i>
Net assets disposed of	109,833
Receivables disposed of	27,676
Non-controlling interest	(36,091)
Gain on disposal	<u>246,569</u>
Total consideration	<u>347,987</u>
Net cash inflow arising on disposal	
Total cash consideration received	347,987
Bank balances and cash disposed of	<u>(68,783)</u>
Proceeds from disposal of subsidiaries	<u>279,204</u>

Six months ended 30 June

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from discontinued operations		
Net cash outflows from operating activities	(14,626)	(33,857)
Net cash outflows from investing activities	(44,207)	–
Net cash inflows from financing activities	41,640	–
Net cash outflows	<u>(17,193)</u>	<u>(33,857)</u>

16. SUBSEQUENT EVENTS

On 20 July 2016, the Company issued senior perpetual capital securities of aggregate nominal amount of up to US\$120,000,000 (“the Securities”) under a medium term note programme (the “Programme”). The securities carry interest at the rate of 5.625%, payable semi-annually in arrears on 27 January and 27 July of each year, commencing on 27 January 2017.

On 29 July 2016, the Company issued bonds with an aggregate nominal amount of US\$450,000,000 (“The Bonds 2019”) under the Programme. The Bonds 2019 carry interest at the rate of 3.875% per annum, payable semi-annually, and will mature in 2019, unless redeemed earlier.

The Securities and the Bonds 2019 have the benefit of a keep well deed from Greenland Holdings.

BUSINESS REVIEW

Results

Stimulated by a number of favorable policies introduced in 2015, the housing market in China continued to rally in the first half of 2016, during which the growth rate of housing investment climbed; property transactions increased in both prices and amounts; and more super-expensive lands emerged in the market. Yet the disparity of market performances among different cities remained. The property prices in first-tier and part of the second-tier cities in China surged. Shenzhen, Shanghai and Tongzhou (a suburb district of Beijing) tightened their respective purchase limit policy. Some major second-tier cities also increased control of the local property market. Meanwhile, the third- and fourth-tier cities were still struggling to unload inventories. With the recovery of property market, the Group's overall performance was satisfactory with total contracted sales growing by approximately 30% to approximately RMB9,161 million during the six months ended 30 June 2016 ("the period under review").

During the period under review, the Group recorded a total revenue of approximately RMB5,232 million (1H2015: RMB941 million), an increase of approximately 456% from the same period of last year, mainly as a result of the sharp increase in GFA sold and delivered during the period under review. Net profit attributable to owners of the Company was approximately RMB101 million, representing a year-on-year increase of approximately 15% (1H2015: RMB88 million). Basic and diluted earnings per share attributable to equity holders of the Company amounted to approximately RMB0.04 per share, compared with approximately RMB0.03 per share during the same period last year. The Board of Directors has resolved not to declare any dividend in respect of the six months ended 30 June 2016.

During the period under review, the total gross floor area ("GFA") sold and delivered amounted to 511,399 square meters, an increase of approximately 487% from 87,070 square meters sold and delivered during the same period last year. The average selling price ("ASP") was approximately RMB9,736 per square meter (1H2015: RMB8,508 per square meter). Revenue derived from property sales was approximately RMB4,998 million, representing a

growth of approximately 566% from approximately RMB751 million during the same period last year. The key projects completed and delivered in the first half of 2016 are as follows:

Project	City	Approximate GFA sold and delivered in 1H2016 <i>sq.m</i>	Approximate sales recognized in 1H2016 <i>RMB'000</i>	Average selling price <i>RMB/sq.m</i>
Greenland Xi Shui Dong	Wuxi	102,977	1,285,714	12,485
Greenland Cifi City	Hangzhou	33,828	775,068	22,912
Greenland International Huadu	Nanning	113,324	714,751	6,307
Greenland Hai Chang Liu	Haikou	57,897	437,984	7,565
Greenland Central Culture Center	Haikou	37,962	304,349	8,017
Greenland Hai Po Lan Ting	Kunming	21,601	301,891	13,976
Greenland Taiping Lake Resort	Huangshan	28,106	240,252	8,548
Greenland City	Haikou	33,315	219,986	6,603
Greenland Yunduhui Square	Kunming	25,611	167,613	6,545
Greenland Xiang Shu Hua Cheng	Kunming	24,461	153,830	6,289
Cambridge Forest New Town	Shanghai	8,170	135,972	16,643
The Metropolitan	Kunming	12,888	127,262	9,874
Greenland Bihu International	Ningbo	8,936	91,481	10,237
Greenland Lakeside Villa	Xuzhou	1,612	15,276	9,476
Greenland Emerald Bay	Changshu	393	2,835	7,214
Greenland The Florea	Haikou	194	2,565	13,222
Global 188	Suzhou	124	2,130	17,177
Sub-total		511,399	4,978,959	9,736
Greenland Xi Shui Dong – carparking lot	Wuxi		4,871	
Greenland The Florea – carparking lot	Haikou		4,633	
Tiffany – carparking lot	Shanghai		4,210	
Cambridge Forest New Town – carparking lot	Shanghai		2,989	
Greenland Hai Chang Liu – carparking lot	Haikou		2,660	
Sub-total			19,363	
Total property sales		511,399	4,998,322	

Contracted Sales

Benefiting from the precise positioning and flexible pricing strategies of the Group's high-end projects as well as the influence and brand reputation of its parent company, Greenland Holdings Corporation Limited ("Greenland Holdings", 600606.SH), the Group's average contracted selling price during the period under review increased significantly from approximately RMB7,949 per square meter to approximately RMB13,160 per square meter compared to the same period of last year. In the first half of 2016, the Group achieved total contracted sales of approximately RMB9,161 million, with a year-on-year growth of approximately RMB2,137 million, representing an increase of approximately 30%. The Group recorded total contracted GFA of 696,109 square meters, with a year-on-year decline of 187,494 square meters, representing a decrease of approximately 21%.

During the period under review, the bulk of contracted sales derived from projects in Yangtze River Delta region including those in Jiangsu, Zhejiang and Shanghai, which accounted for approximately 66% of the total contracted sales. Other projects included those in Guangxi and Hainan, accounting for approximately 16% and 11% respectively.

Strategic Cooperation

In May 2016, the Group and Cinda (HK) Holdings Company Limited jointly established an equity investment partnership (limited partnership) (the "Fund") as co-general partners, the first installment of which was approximately RMB20 billion. The Group and Cinda (HK) Holdings Company Limited were to subscribe and issue the Fund by stages pursuant to the joint investment real estate projects which will be carried out by means of asset restructuring, mergers, acquisitions and etc. The Group believed that the Fund was conducive to further expanding its real estate business.

In August 2016, the Group and Guangxi Railway Investment (Group) Co., Limited ("Guangxi Railway Investment") entered into a strategic cooperation agreement, pursuant to which a city development fund was established to jointly develop the urbanization project in Guangxi. According to such strategic cooperation agreement, the Group and Guangxi Railway Investment will further collaborate in various sectors, including primary and secondary land development, tourism and leisure, elderly healthcare, warehousing and logistics, industrial projects and infrastructure, demonstrating our determination in focusing on our key strategic areas and promoting the economic development of Guangxi.

Finance Business

The Group entered the realm of Internet financing since the establishment of Shanghai Greenland Financial Information Services Co., Ltd ("Greenland Financial Services") in May 2015 and made considerable progress in financial services. During the period under review, Greenland Financial Services focused on implementing strategies for its three core businesses – online wealth management, asset management and data information services.

During the period under review, in addition to further solidifying its collaboration with Qihoo 360 on “Your Wealth Platform” (你財富平台), Greenland Financial Services also seized opportunities of strategic collaboration within the industry and cross-industrial cooperation. Its cross-industrial collaborative partners included Greenland Auto Services Group Company Limited and the G-super brand under Shanghai Greenland Business (Group) Co., Ltd., among others. Currently, the Group has more than 40 collaborative partners in a wide range of sectors including bank, fund, trust, securities, insurance and payment.

In the first half of 2016, Greenland Guangcai (綠地廣財), a mobile Internet financing platform self-developed by Greenland Financial Services, released finance products amounted to approximately RMB3.612 billion in total, with over 500,000 registered users and a total trading volume exceeding RMB10 billion. Benefited from strict risk control, Greenland Guangcai has been free of penalty for breach of contract, bad debt or deferred payment since it started operation in last August. On top of the “Dichanbao” (地產寶), “Rongtongbao” (融通寶) and “Zhiyebao” (置業寶), Greenland Guangcai has introduced new products such as “Zhishubao” (指數寶), “Jiejiegao” (節節高) and “Kualexilie” (快樂系列), which were well accepted by the market. As of the end of June 2016, the average amount of investment by each registered user on Greenland Guangcai reached over RMB150,000.

By capitalizing its own technological capability and strengths and the customer resources accumulated by Greenland over more than 20 years ever since its establishment, Greenland Financial Services has built up a macro-data platform to collect, clean and explore the abundant amount of existing data. Greenland Financial Services has successfully researched and developed a mobile customer relationship management (“CRM”) platform for the Group and has acquired millions of data through offline resources, such as offline project sites and stores, so as to realize O2O data integration and precise marketing. Meanwhile, it also explored and prepared for various solutions, including the export of cloud platform technology, in order to obtain profits and data via technological solutions.

Currently, the size of the asset management by Greenland Guangcai reached approximately RMB5,706,000,000, among which the stock asset accounted for approximately RMB5,359,000,000.

Other Businesses

In the first half of 2016, the Group sold approximately 67.14% of the equity interest in, and the shareholder’s loan to, Shanghai Sipo Education Development Co., Limited (“Shanghai Sipo Education”) at a total consideration of approximately RMB348 million. Upon completion of the transaction, Shanghai Sipo Education was no longer a subsidiary of the Group.

Apart from financial services and its core business of sales of property, the Group’s revenue also derives from property leasing, property management and other related services; and operation of hotel and other related services.

Land Bank

In May 2016, the Group successfully bid a land lot located in Wujiang Economic and Technological Development Zone of Suzhou City, south to Jiangling East Road and west to Pangbei Road. The plot covered an area of approximately 69,217 square meters with approximately 170,000 square meters of planned construction area at a total consideration of

approximately RMB1,523,000,000 and the average land price is approximately RMB8,800 per square meter. The project will be developed for residential and commercial purpose, with the ratio of its commercial area no more than 10% of the total area and is planned to be built into a high-end residential community. This project highlighted the Group's confidence in the market prospect of the Yangtze River Delta region and is in line with its strategy to solidify its presence in the region, adding momentum to Greenland's long-term development in the prime zones of major cities.

As of 30 June 2016, the Group held a land bank of approximately 14,206,000 square meters, strategically located in the prime zones of major cities in the Yangtze River Delta and coastal areas of South China. On top of its land reserve, which is sufficient to support its development in the next 3 to 5 years, the Group will continue to seek high-quality land projects with high potential of development.

Financial Restructuring

On 20 July 2016, the Group issued US\$120 million of senior perpetual capital securities – which is a low financing costs in its credit level – to increase the equity capital. In addition, on 21 July 2016, the Group issued a subscription agreement with Credit Suisse Securities (Europe) Limited, The Hongkong and Shanghai Banking Corporation Limited, China Merchants Securities (HK) Co., Ltd., Haitong International Securities Company Limited and UBS AG Hong Kong Branch, on the issuance of 3.875% notes with an aggregate principal amount of US\$450 million which is due in 2019. The deal created the lowest record of coupon interest in Chinese public offering coupon bond, setting a milestone for the Company financing business in the capital market.

The issuance of notes raised US\$570 million in gross total which will be used for the repayment of US\$700 million bonds due in October this year; the shortfall will be complemented with the fund of the Group, which represented the Group's ample liquidity, sound operation and its active strategy to reduce debt ratio. The management believe that the notes and securities issued are beneficial to the Group, as it obtains long-term financing from international investors, which will improve and optimize the Group's capital structure.

Outlook

In the first half of 2016, China's gross domestic product ("GDP") grew by approximately 6.7% year-on-year. The country's economy remained relatively stable during the period. However, as the marginal effects of monetary policy is declining, Chinese economy still faces the risk of a downturn in the second half of the year. Yet the Group is convinced that the Chinese government will continue to maintain a reasonable and moderate market liquidity through various measures, take proactive fiscal policies to promote the supply-side reforms and stabilize the economic growth. In terms of real estate, the Group expects the property market to slowdown in the second half year as disparity of market performances remains among cities; the government will implement policies according to different cities: the first- and second-tier cities will focus on regulating and stabilizing the market while the third- and fourth-tier cities will strive to alleviate the inventory pressure.

The Group will proceed to focus on developing high-end projects in the first- and second-tier cities and further solidify its presence in the Yangtze River Delta and Pan Pearl River Delta

regions, backed by the mature brand image, abundant resources and large business scale of its parent company Greenland Holdings. In addition, the Group will also accelerate its pace of property fund development and seek appropriate investment projects through the established Cinda Hong Kong Property Fund and the Guangxi Railway Investment City Development Fund.

In terms of its business of financial services, Greenland Financial Services will continue to promote the three core strategies including: focusing on the internet real estate financing; continuously optimizing online wealth management platform; accelerating the expansion of assets management with the guarantee of safety and stability; and exploiting the advantage of its leading technologies and actively expanding data services to provide strong and lasting impetus to the strategic development of Greenland Hong Kong's Internet financing business.

In addition, the Group has loans denominated in US dollar and Hong Kong dollar, while the operating income is mainly denominated in RMB. Please refer to the Notes to the Condensed Consolidated Financial Statements in this report for details. During the period under review, the depreciation of RMB exchange rate posed pressure on the corporate financing cost and earnings performance. The Group's financial results were also affected to a certain degree. Therefore, up to the date of this announcement the Company has signed forward foreign exchange contracts in the aggregate principal amount of US\$300 million to hedge against the exchange risk while reverting RMB to US dollar. The Company will continue to monitoring the trend of exchange rate of RMB against US dollar, and take appropriate measures to hedge against the risk in foreign currency exchange.

FINANCIAL PERFORMANCE

Revenue

The total revenue of the Group increased by approximately 456% from approximately RMB941 million for the first half of 2015 to approximately RMB5,232 million for the same period in 2016, mainly attributable to the sharp growth of sales of properties.

Sales of property as the core business activity, generated revenue of approximately RMB4,998 million (2015: approximately RMB751 million), accounting for approximately 96% of the total revenue, and representing an increase of approximately 566% as compared with last year. The revenue of the Group from other segments included: leased of properties, property management and other related services and hotel and related services operation.

	1H2016 <i>RMB'000</i>	1H2015 <i>RMB'000</i>	Change <i>RMB'000</i>
Sales of properties	4,998,322	751,265	4,247,057
Property management & other related services	124,017	76,455	47,562
Hotel and related services	87,562	82,511	5,051
Lease of properties	22,349	30,402	(8,053)
Total	5,232,250	940,633	4,291,617

Cost of sales

Cost of sales increased by approximately 543% from approximately RMB741 million for the first half of 2015 to approximately RMB4,762 million. The cost of sales mainly comprised land costs, construction costs, capitalized finance costs and sales tax.

Gross profit and margin

Gross profit increased to approximately RMB470 million from approximately RMB200 million for the first half of 2015, while margin dropped from approximately 21% to approximately 9%, mainly due to the delivery of old projects in Wuxi, Ningbo and Kunming with lower margin.

Other income and other operating expenses

Other income and other operating expenses mainly included finance income, fair value changes on financial derivatives, foreign exchange gain and loss charged to income statement and write-down of completed properties held for sale. Other income and other operating expenses dropped from a gain of RMB74 million in the same period of 2015 to a loss of RMB241 million in the first half of 2016. The decrease was mainly attributable to the foreign exchange loss arising from the devaluation of Renminbi during the period under review.

Operating expenses

Due to the development and expansion of the Group, administrative expenses and selling and marketing costs increased from approximately RMB174 million and approximately RMB163 million for the same period of 2015 to approximately RMB228 million and approximately RMB178 million in the first half of 2016 respectively.

Finance Expenses

Finance expenses decreased from approximately RMB112 million in the same period in 2015 to approximately RMB80 million in the first half of 2016. The decrease was mainly because of an increase in the interest capitalization ratio during the period under review.

Fair Value Gains on Investment Properties

The Group recorded fair value gains on investment properties of approximately RMB359 million, as compared with a gain of approximately RMB294 million in the first half of 2015. The fair value gain was mainly attributable to investment properties in Nanning and Shanghai.

Income Tax Expenses

Income tax increased by approximately RMB206 million from approximately RMB32 million in the same period of 2015 to approximately RMB238 million in the first half of 2016 mainly due to the corporation income tax provision accrued for property delivery and gain on investment properties.

Profit for the period from discontinued operations

Profit for the period from discontinued operations represented the operation result from Shanghai Sipo Education. The increase was due to gain arising from the disposal of Shanghai Sipo Education.

Profit Attributable to Owners of the Company

The Company's profit attributable to owners amounted to approximately RMB101 million, an increase of approximately 15% compared to approximately RMB88 million in the first half of 2015.

Financial Position

As at 30 June 2016, the Group's total equity was approximately RMB7,695 million (31 December 2015: approximately RMB7,688 million), total assets amounted to approximately RMB50,740 million (31 December 2015: approximately RMB49,986 million) and total liabilities stood at approximately RMB43,045 million (31 December 2015: approximately RMB42,298 million).

Liquidity and Financial Resources

The Group's business operations, bank loans 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.

As at 30 June 2016, net gearing ratio (total borrowings less cash and cash equivalents (including restricted cash) over divided total equity) remained at a level of approximately 192% (31 December 2015: approximately 172%) and total cash and cash equivalents (including restricted cash) amounted to approximately RMB4,292 million, with total borrowings of approximately RMB19,062 million and an equity base of approximately RMB7,695 million.

Treasury Policy

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

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

To minimize the interest risk, the Group continued to closely monitor and manage its loan portfolio by its existing agreements' interest margin spread with market interest rates and offers from the banks.

Credit Policy

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

Pledge of Assets

As at 30 June 2016, the Group pledged properties, land use rights and time deposits with a carrying value of approximately RMB7.7 billion to secure bank facilities, and the total secured loan balance outstanding amounted to approximately RMB2.99 billion.

Financial Guarantees

As at 30 June 2016, the Group provided guarantees to banks for:

	30 June 2016 RMB'000	31 December 2015 RMB'000
Mortgage	<u>6,141,842</u>	<u>4,513,174</u>

Capital Commitment

	30 June 2016 RMB'000	31 December 2015 RMB'000
Property development activities:		
– Contracted but not provided for	<u>7,586,868</u>	<u>5,566,083</u>

Human Resources

As at 30 June 2016, the Group employed a total of 2,732 employees (30 June 2015: 2,487). 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. The Group also provides various training programs to improve their skills and develop their respective expertise.

CORPORATE GOVERNANCE

During the six-month period ended 30 June 2016, the Company had 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 2016 to 30 June 2016, Mr. CHEN Jun had 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 7 June 2016 due to other business commitments.

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 had complied with the required standards set out in the Model Code during the six months ended 30 June 2016.

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

For the six months ended 30 June 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

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 three independent non-executive Directors of the Company. The audit committee has reviewed the interim results for the six months ended 30 June 2016 with the management of the Company.

USE OF PROCEEDS FROM EQUITY FUND RAISING

On 16 May 2015, the Company entered into a placing agreement with Morgan Stanley & Co. International plc, Haitong International Securities Company Limited and The Hong Kong and Shanghai Banking Corporation Limited (the "**Placing Agents**") pursuant to which the Placing Agents agreed to procure subscribers for, or failing which, to subscribe for 228,000,000 shares pursuant to the Company's general mandate on a several basis at a price of HK\$7.46 per placing share. The placing was completed on 26 May 2015 and the Company raised net proceeds of approximately HK\$1.7 billion, which were applied for the development in property related internet finance business and general corporate business (including the development of the Group's real estate projects and acquisition of the new land for development).

PUBLICATION OF INTERIM REPORT

The 2016 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) and the Company's website (www.greenlandhk.com) in accordance with the Listing Rules.

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

Hong Kong, 29 August 2016

As at the date of this announcement, the executive directors of the Company 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 of the Company 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.