GUANGZHOU R&F PROPERTIES CO., LTD.

Stock code: 2777

INTERIM REPORT 2019

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CORPORATE INFORMATION

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Non-executive Directors	Zhang Lin Li Helen
Independent Non-executive Directors	Zheng Ercheng Ng Yau Wah Daniel Wong Chun Bong
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RESULTS AND DIVIDEND

For the six months ended 30 June 2019, the Group's total revenue increased by 3% to RMB35.053 billion and net profit increased by 2% to RMB4.170 billion over the corresponding period last year.

During the period, revenue and net profit from the Group's main business of property development increased by 2% and 6%, respectively, with revenue amounting to RMB29.975 billion and net profit to RMB4.582 billion. The increase in revenue and net profit was mainly due to an increase in the delivery of area sold to 2.87 million sq.m., representing an increase of 20% over the corresponding period last year. Recurring revenue from property investments and hotel segment during the period was RMB3.907 billion. Profitability from property investments continues to provide an important contribution to the Group with net profit margin (excluding revaluation) of 42.9%. The Board have resolved to declare an interim dividend of RMB0.42 per share.

BUSINESS REVIEW

In the first half of 2019, market conditions continued to be challenging, as was the case for 2018. Amidst a backdrop of trade tensions and economic slowdown in the global economy, it inevitably had a ripple effect on China's economy and growth outlook. A deeper look into China's property sector, which is considered a pillar for various economic indicators and drivers of growth across China's industries, was more encouraging as it showed stable growth in terms of contracted sales during this period. Another notable knock-on effect from sentiment changes in global outlook, which displayed signs of an economic slowdown, led to consensus talks of a reduction in U.S. federal interest rates for 2019. As these talks increased, an inflow of capital into emerging markets fueled a flood of high yield bond issuances, particularly for Chinese property developers. It was during this period of active issuance that the Group took advantage of favourable market conditions to come to the offshore market to raise capital no less than five times, issuing up to US$2.25 billion of bonds to refinance short-term debt falling due, opportunistically term out short-term financing, and increase financial liquidity.

Despite the volatile conditions for China's property market, the Group still managed to achieve RMB60.22 billion of contracted sales in the first half of 2019, and GFA sold of 5.52 million sq.m., representing an increase of 6% and 25% year-on-year. Based on the Group's land bank of approximately 61 million sq.m., available presale permits, and scheduled launch of projects throughout 2019, the Group set a contracted sales target of RMB160 billion, attributed to the Group. The Group also set an internal target GFA delivery of approximately 9.2 million sq.m. for 2019 which is a leading driver of revenue. Heading into 2019, the Group had significant debts maturing within 12-months, but an influx of financing activity enabled the Group to fully refinance many of these maturities to beyond 2-years to 3-years and even longer. In the first half of 2019 alone, the Group had issued in the offshore market over US$2.83 billion in senior secured notes and project loans predominantly for refinancing and issued in onshore market of approximately RMB6.78 billion through issuing super & short-term commercial papers and corporate bonds. In addition, put options of domestic bonds maturing in the first half of 2019 with a total of RMB17.65 billion had been successfully extended in full. The significant financing activity undertaken by the Group amidst a background of uncertain outlook, is testament to the Group's high credit profile within the investor community and continued strong relationship support by financial institutions such as commercial and investment banks.

After a sustained period of year-on-year growth, the trend in China's property sector was relatively stable in terms of GFA sold and average selling prices. After a slow start to the year with lackluster first quarter sales, momentum picked in the second quarter as a result of relative easing policies such as relaxing hukou requirements and a further push for urbanisation of rural areas which stimulated higher property purchases. Similarly, other policy incentives introduced at the end of the first quarter included a number of national level policies, such as reserve rate reductions, and local city policy measures including adjusting purchase restrictions, were all favourable to the market. Overall, under the objectives of China's National Government to avoid property speculation and to stabilise property price, land cost and expectations in trends, the local governments continued to act consistently with the macro austerity and city-specific measures in recent years to develop a long-term stable and sustainable property sector focused on end user affordability and development.

Despite an increase in liquidity and financing channels, land acquisitions were initially subdued as developers' focus was on refinancing short-term debt and locking in favourable interest rates for longer maturities. However, after experiencing a prolonged period of growth in contracted sales over recent years, developers will be looking to replenish depleted landbank in order to continue maintaining their current scale or drive further growth. As contracted sales were slow in the first quarter, developers remained relatively cautious on the pace of land acquisitions. Nevertheless, land bank remains a key focus for developers as their scale has reached a significant size that requires continued replenishment. The Group has been active in the land banking market over the past two years and has an attributable land bank of 61.0 million sq.m. of GFA for sale as at the end of the first half of 2019. Having acquired a sizeable land bank, the Group's land acquisitions in the first half was more moderate with 6.5 million sq.m. of GFA acquired at an average of RMB2,700 per sq.m. across 22 cities in China. Based on the Group's current attributable land bank and saleable resources, the Group has an estimated development pipeline which can be sustained for an expected 4-years to 5-years. With ample land bank at hand and projects under development, the Group has the luxury to be more selective on accumulating land bank for the remainder of the year.

It's expected land banking activity will continue to be active and land prices to remain high, hence, a key theme of developers recently has been city redevelopment and village resettlement as a means of replenishing a lower cost land bank or acquiring land in prime locations. In terms of the land bank strategy, the Group has long been actively engaging in city redevelopment as a means of increasing land bank in difficult or high land cost locations. Across China, the Group is currently engaging in over 60 city relocation projects with planned GFA of over 60 million sq.m. of potential land bank with a focus in cities such as Guangzhou, Taiyuan, Tianjin, Zhengzhou, Xi'an, Foshan, Zhuhai and others. Having a long-term successful record in city relocation projects in Guangzhou, the Group has demonstrated its experience and expertise in conversion of these potential opportunities into the Group's future land bank.

The Group's contracted sales in the first half was relatively stable with an increase of 6% and 25%, respectively, in terms of sales value and GFA sold. In terms of city breakdown, two-thirds of contracted sales were in tier-1 and tier-2 cities whilst the remainder were in tier-3 and overseas cities. Based on the Group's regional distribution, the largest contribution of sales was from Northern China accounting for approximately 26% of sales value followed by Eastern China and Northwestern China with approximately 22% and 21% of sales value, respectively. In terms of product mix, normal residential buildings representing the majority of sales, accounting for approximately 78% of sales followed by high-end residential and commercial buildings, individually accounting for less than 10% each. With regards to average selling price (ASP) trends, contracted sales has been steady at RMB10,900 per sq.m. versus delivery ASP of RMB10,400 per sq.m., both of which is expected to continue in the near term.

As alluded to earlier, the overall financing market for property developers remains positive and robust, attracting investors seeking shelter in property sector high yield bonds as global interest rates trended lower. In the first half of 2019, among the Group's new financings, a total of RMB38.69 billion were in China and US$2.83 billion (or equivalent of RMB19.43 billion) were outside China. Overall financing rates were relatively stable at 6.27% for China and slightly higher at 7.29% outside China, however, maturities outside China saw longer tenors when compared to bonds issued in 2018, indicating longer term confidence by investors in the sector. For the Group, another indication of credit confidence was the extension of investor put options of China domestic bonds maturing in the first half totalled up to RMB17.65 billion. The Group's onshore credit profile and long-term credit history continues to illustrate the Group's strong relationship with commercial banks in China. After the various financing activities, the Group still has sufficient unused quota for banking facilities and issuance of direct financing products in the public market.

GOING FORWARD

As the Group heads into the second half, we remain cautiously optimistic about reaching our full year targets with clear directions and initiatives regarding sales, land acquisitions, and development pipeline. Management expects the macroeconomic environment to continue to be challenging but we remain confident that China will still achieve stable GDP growth which will form the basis for the long-term stable development of the property sector. The Group has achieved multiple growth periods of contracted sales growth to enable the Group to focus on profit delivery in 2019. Despite a proportionately lower delivery schedule in the first half of 2019 leading to a moderate increase in revenue and profits as compared to the same period in 2018, the accumulated contracted sales yet to be delivered ensures full year revenue and earnings are expected to increase over 2018. The Group will focus on achieving its operating targets in order to be in line with the revenue and profit outlooks.

Investment income has been growing steadily and continues to generate a sizeable recurring income and cashflow. Hotel revenue was RMB3.34 billion and investment property revenue has grown steadily to RMB0.57 billion. The Group will continue to review the operating performance of its 90 hotel portfolio to improve operating efficiency, in the first half of 2019, hotel net operating profit (before finance costs, amortisation and taxation) increased 7% to RMB0.63 billion. In addition to providing a steady revenue source, the hotel assets continue to realise increases in market value as the hotel assets mature. With a unique portfolio of hotel assets, the Group will look to unleash its value or further increase its financing effectiveness either in REIT like products or asset financing which is both lower cost and longer term.

ACKNOWLEDGEMENTS

The continued success of the Group is not without the support of its shareholders, investors, business associates and customers for their confidence in management's ability, which I sincerely extend my appreciation and gratitude. Under a tough operating environment, it is equally vital that the Group's directors, management, and staff stay focused and the Group's underlying business. I would like to thank all directors, management and significant staff of thousands on their commitment and loyalty during this period. Together, I and our team will be able to see out this turbulent financial year with another successful result.

Li Sze Lim
Chairman

Hong Kong, 22 August 2019

OPERATION REVIEW

PROPERTY DEVELOPMENT

After over twenty years of rapid development, the Group's businesses cover over 140 cities and regions. As at 30 June 2019, the Group's attributable land bank for GFA was approximately 73,505,000 sq.m. and for saleable area was approximately 61,018,000 sq.m.. During the period, the Group completed area as set out below and made contracted sales equivalent to 38% of the full year target and maintained a sufficient project pipeline.

Completion of Properties

Completion in the period of 3,278,000 sq.m. saleable area represented approximately 34% of the Group's expected completion for 2019 of 9,701,000 sq.m. in saleable area. Expected completion in the second half of 2019 is approximately 6,423,000 sq.m. as shown in the following table:

	Completed in 1st half of 2019		To be completed in 2nd half of 2019		2019 Full Year Estimate	
Location	**Approximate GFA (sq.m.)**	**Approximate saleable area (sq.m.)**	**Approximate GFA (sq.m.)**	**Approximate saleable area (sq.m.)**	**Approximate GFA (sq.m.)**	**Approximate saleable area (sq.m.)**
Southern China	349,000	279,000	1,295,000	1,089,000	1,644,000	1,368,000
Southwestern China	350,000	330,000	611,000	459,000	961,000	789,000
Central Southern China	516,000	420,000	730,000	571,000	1,246,000	991,000
Eastern China	801,000	603,000	1,780,000	1,298,000	2,581,000	1,901,000
Northern China	926,000	700,000	1,442,000	1,157,000	2,368,000	1,857,000
Northwestern China	765,000	662,000	1,323,000	1,228,000	2,088,000	1,890,000
Hainan	1,000	1,000	175,000	143,000	176,000	144,000
Overseas	17,000	6,000	286,000	217,000	303,000	223,000
Sub-total	**3,725,000**	**3,001,000**	**7,642,000**	**6,162,000**	**11,367,000**	**9,163,000**
JV (Attributable)	203,000	162,000	87,000	69,000	290,000	231,000
Investment Properties	115,000	115,000	192,000	192,000	307,000	307,000
Total	**4,043,000**	**3,278,000**	**7,921,000**	**6,423,000**	**11,964,000**	**9,701,000**

Contracted Sales

During the first half of 2019, the contracted sales were generated from 168 projects in 26 provinces (including municipalities and autonomous regions) across 7 regions of China (Northern China, Southern China, Eastern China, Northwestern China, Southwestern China, Central Southern China and Hainan) and 4 overseas countries; the Group recorded attributable contracted sales of RMB60.22 billion and 5,516,800 sq.m., representing 6% and 25% year-on-year growth. Sales breakdown as below:

Region	Area	Approximate attributable total value (RMB million)	Approximate attributable saleable area sold (sq.m.)
Northern China	Tianjin	4,729.7	319,800
	Heilongjiang	2,550.7	207,400
	Hebei	2,408.8	223,000
	Shandong	2,365.3	227,200
	Beijing	1,807.6	92,000
	Liaoning	1,466.1	204,600
	Henan	270.4	25,400
Eastern China	Zhejiang	6,122.0	346,700
	Jiangsu	5,080.8	358,000
	Shanghai	1,656.2	30,300
	Anhui	443.3	46,500
Northwestern China	Shanxi	7,440.7	673,600
	Inner Mongolia	2,458.8	301,900
	Shaanxi	2,271.9	661,000
	Xinjiang	229.7	18,700
Southern China	Guangdong	5,704.6	615,600
	Guangxi	82.9	6,900
Southwestern China	Chongqing	4,404.5	494,200
	Guizhou	474.1	34,700
	Sichuan	450.6	31,800
	Yunnan	38.7	2,600
Central Southern China	Jiangxi	1,405.4	146,000
	Hunan	1,331.3	133,000
	Fujian	1,106.8	96,300
	Hubei	78.1	12,700
Hainan	Hainan	2,351.2	128,900
Overseas	Malaysia	784.0	37,600
	Cambodia	531.7	35,200
	United Kingdom	89.3	1,300
	Australia	82.6	3,900
Total		**60,217.8**	**5,516,800**

Region	Approximate attributable total value (RMB million)	Approximate attributable saleable area sold (sq.m.)
Northern China	15,598.6	1,299,400
Eastern China	13,302.3	781,500
Northwestern China	12,401.1	1,655,200
Southern China	5,787.5	622,500
Southwestern China	5,367.9	563,300
Central Southern China	3,921.6	388,000
Hainan	2,351.2	128,900
Overseas	1,487.6	78,000
Total	**60,217.8**	**5,516,800**

Projects Under Development

Projects under development amounted to approximately 32,447,000 sq.m. attributable GFA as at 30 June 2019, details of which are set out below:

Area	Approximate attributable GFA (sq.m.)	Approximate attributable saleable area (sq.m.)
Southern China	5,062,000	3,825,000
Southwestern China	2,070,000	1,501,000
Central Southern China	2,871,000	2,152,000
Eastern China	4,536,000	3,162,000
Northern China	7,697,000	5,568,000
Northwestern China	6,312,000	4,604,000
Hainan	1,538,000	1,236,000
Overseas	2,361,000	1,624,000
Total	**32,447,000**	**23,672,000**

PROPERTY INVESTMENT

The Group's investment properties portfolio mainly located in tier-1 and tier-2 cities, including Grade-A office buildings, shopping malls, various retail properties, logistic parks and etc.. As of 30 June 2019, the total GFA of investment properties under operation is approximately 2,027,000 sq.m., under development or planning is approximately 2,297,000 sq.m..

HOTEL OPERATION

The Group currently has 90 hotels under operation, total GFA 3,952,200 sq.m. with 27,173 hotel rooms. The 90 hotels are managed by well-known hotel management groups such as Marriott International, Inc., InterContinental Hotels Group, Hilton Worldwide Holdings Inc., Hyatt Hotels Corporation, Accor Hotels, Wanda Hotels and Resorts Co., Ltd. and other hotel groups. And the Group became the largest deluxe hotel owner globally with a total of 132 hotels of which approximately 42 hotels are under development and under planning. During the period, the Group opened a new hotel DoubleTree by Hilton Huidong Resort in Huizhou, total GFA 48,700 sq.m. with 308 hotel rooms. The hotel is managed by Hilton Worldwide Holdings Inc..

LAND BANK

During the period, the Group acquired 23 plots of land in 22 cities and regions, with attributable saleable area of approximately 6,529,000 sq.m. and attributable land cost of approximately RMB17.7 billion at approximately RMB2,700 per sq.m..

As at 30 June 2019, the Group's attributable land bank was 73,505,000 sq.m. and 61,018,000 sq.m. in GFA and saleable area, distributed across 107 cities and regions. Details as below:

Location	Approximate attributable Total GFA (sq.m.)	Approximate attributable saleable area (sq.m.)
Development Properties		
Southern China	8,171,000	6,962,000
Southwestern China	6,714,000	5,982,000
Central Southern China	7,697,000	6,859,000
Eastern China	9,178,000	7,119,000
Northern China	15,948,000	13,402,000
Northwestern China	14,032,000	12,007,000
Hainan	3,117,000	2,777,000
Overseas	6,548,000	4,024,000
Sub-total	**71,405,000**	**59,132,000**
Investment Properties	**2,100,000**	**1,886,000**
Total	**73,505,000**	**61,018,000**

FINANCIAL REVIEW

The Group's net profit for the six months ended 30 June 2019 increased to RMB4.170 billion, from RMB4.080 billion for the corresponding period last year. Revenue from the Group's core business of property development accounted for 86% of the Group's total revenue and amounted to RMB29.975 billion. Compared to the previous period, net profit from property development increased by 6% to RMB4.582 billion, based on a delivery of 2,873,000 sq.m. in terms of saleable area in the period. Profit from property investment, not including any fair value gain, was RMB243 million. Fair value gain in the period amounted to RMB435 million. Revenue from hotel operations and other segments was RMB4.513 billion.

The following comments on the components of the income statement, with the exception of #6 (on finance costs) and #9 (on net profit), relate only to property development:

1. Revenue increased by 2% to RMB29.975 billion, from RMB29.306 billion in the same period in 2018. They were distributed in 75 cities during the period. The amount of saleable area sold increased by 20% to 2,873,000 sq.m. from 2,390,000 sq.m.. The overall average selling price decreased by 15%, from RMB12,300 per sq.m. to RMB10,400 per sq.m. This decrease in overall selling price was due to the contribution of new projects during the period accounted for 23% of the total revenue which usually had a lower selling price to attract customers for new launch. The top three projects, R&F City in Chongqing, R&F Central Park in Yueqing and R&F City in Huhhot, which individually had revenue of over RMB1.4 billion and a combined revenue of RMB5.293 billion or 18% of total revenue and carried average selling price from RMB7,700 to RMB18,800 per sq.m.. Based on revenue distribution by cities in the period, Wuxi has the highest revenue of all cities where the Group operates. It accounted for 7% of total revenue. In terms of amount, revenue in Wuxi amounted to RMB2.028 billion and was mainly derived from R&F Yunhe No.10. Chongqing's revenue ranked second with revenue amounted to RMB2.028 billion in the period, equivalent to 7% in total. Yueqing ranked third with revenue amounted to RMB1.911 billion and was mainly derived from R&F Central Park. These top three cities ranked by revenue in the period, Wuxi, Chongqing and Yueqing, together accounted for 20% of total revenue as compared to 25% from the top three cities (Beijing, Huizhou and Putian) in the previous period. The remaining 80% of revenue for this period was contributed by the other 72 cities in which the Group operated, the more significant of which were Nanchang, Huhhot, Taiyuan, Putian, Huzhou, Jiangmen and Nantong contributed more than RMB1 billion each.

The following is the summary of revenue by city:

City	Amount of turnover (in RMB million)	Saleable area sold (sq.m.)	Average Selling Price (RMB/sq.m.)
Wuxi	2,028	115,100	17,620
Chongqing	2,028	255,100	7,950
Yueqing	1,911	101,800	18,770
Nanchang	1,582	155,900	10,150
Huhhot	1,496	194,000	7,710
Taiyuan	1,468	188,200	7,800
Putian	1,438	122,200	11,770
Huzhou	1,201	114,900	10,450
Jiangmen	1,185	151,100	7,850
Nantong	1,039	117,600	8,830
Beijing	942	37,400	25,210
Shijiazhuang	928	62,500	14,850
Huizhou	862	104,900	8,220
Tianjin	829	80,200	10,330
Baotou	752	113,100	6,650
Harbin	724	51,900	13,960
Yantai	718	90,400	7,940
Tangshan	715	74,400	9,620
Meizhou	680	90,500	7,520
Fuyang	677	92,900	7,280
Zhuhai	669	33,200	20,150
Guangzhou	623	26,500	23,500
Fuzhou	617	20,900	29,570
Cambodia	541	44,500	12,160
Hangzhou	484	31,000	15,610
Malaysia	479	29,500	16,260
Guiyang	444	48,400	9,160
Dongying	378	33,300	11,340
Chuzhou	377	55,700	6,760
Ningbo	285	29,100	9,820
Hainan	250	7,800	32,050
Qinhuangdao	246	23,700	10,370
Foshan	184	17,300	10,650
Anshan	180	21,800	8,280
Nanjing	174	8,700	19,960
Wenzhou	125	10,000	12,420
Chengdu	123	16,400	7,490
Shenyang	116	11,000	10,470
Tieling	93	10,600	8,830
Australia	91	2,300	39,080
Xiangtan	89	11,000	8,100
Datong	88	12,500	7,050
Others	116	53,700	2,180
Total	**29,975**	**2,873,000**	**10,400**

2. Cost of goods sold consists of land and construction costs, capitalised finance costs and levy and business tax. For the current period, land and construction costs made up 95% of the Group's total costs. In terms of costs per sq.m., land and construction costs decreased to RMB5,830 from RMB6,180 in the previous period. A main reason for this decrease was that, compared to previous period, a larger portion of the period's total revenue came from delivery of housing projects with lower land and construction costs. The top and third two projects in revenue, R&F City in Chongqing and R&F City in Huhhot both carried low land and construction costs per sq.m. of average RMB3,880. Capitalised interest included in the period's cost of goods sold amounted to RMB745 million, representing approximately 4% of total costs. As a percentage of revenue from sale of properties, capitalised interest was 2.5%. The cost of goods sold also included RMB166 million in levy and business tax, making up 1% of costs.

3. Overall gross margin for the period was 41.0%, as compared to 43.2% in the same period in 2018. The top five cities ranked by revenue in the period, Wuxi, Chongqing, Yueqing, Nanchang and Huhhot, accounted for 30% of total revenue. The gross margins of the cities are 31.8%, 48.2%, 35.7%, 33.1% and 42.7% respectively.

4. Other income and other gains-net were mainly the result of interest income.

5. Selling and administrative expenses for the period increased by 20% or RMB554 million, to RMB3.362 billion. This increase was in line with selling and marketing activities in more cities. Selling and administrative expenses as a percentage of revenue increased to 11.2 % from 9.6%.

6. Finance costs decreased 12% to RMB2.408 billion for the period (1H 2018: RMB2.746 billion), which includes total interest expenses of RMB6.330 billion, a net foreign exchange loss of RMB127 million incurred in the period and after deducting capitalised interest of RMB4.049 billion to development projects. The 38% increase in total interest expenses was related to an increase of average borrowings outstanding to RMB185.2 billion from RMB153.1 billion in the previous corresponding period. Together with RMB779 million charged to cost of goods sold related to capitalised interest, the total finance costs incurred during the period amounted to RMB3.187 billion.

7. The share of result of associates was mainly derived from the Group's 45% share in the Henan Jian Ye project. The share of results of joint ventures were mainly from a 33.34% interests in Guangzhou Liedecun project, 25% interests in Tianjin Jinnan New Town project, 50% interests in Hines Shanghai New Jiangwan project, 60% interests in Guizhou Daxinan project, 50% interests in Nanning Fuya Business Park project and 50% interests in Guangzhou Senhua project. These seven projects mentioned had a combined revenue of RMB3.755 billion.

8. Land appreciation tax (LAT) of RMB1.855 billion (1H 2018: RMB2.057 billion) and Enterprise Income Tax of RMB1.516 billion (1H 2018: RMB1.759 billion) brought the Group's total income tax expenses for the period to RMB3.371 billion. As a percentage of revenue, LAT decreased to 6.2% from 7.0% for the same period in 2018. The effective enterprise income tax rate was 25% (1H 2018: 29%).

9. Overall, the Group's net profit margin for the period was stabled at 11.9% when compared to the previous period reflecting a little change in gross margin from property development.

Financial resources and liquidity

At 30 June 2019, total cash including amounts restricted for specified usage was RMB 39.03 billion (31 December 2018: RMB34.71 billion). With total borrowings at the end of the period amounted to RMB195.50 billion (31 December 2018: RMB163.30 billion), net debt increased to RMB156.47 billion from RMB128.59 billion at 31 December 2018. Net debt to total equity ratio increased to 219.0% at 30 June 2019 from 184.1% at 31 December 2018.

During the six months ended 30 June 2019, new bank borrowings of RMB 21.05 billion have been procured at interest rate ranging from 4.35% to 8.50% while bank borrowings repaid amounted to RMB17.10 billion. The effective interest rate of the total borrowings portfolio at 30 June 2019 was 6.48 % (31 December 2018: 5.74%). Other than RMB31.545 billion domestic corporate bonds with interest rates from 3.95% to 7.20%, RMB16.18 billion domestic non-public bonds ranging from 4.39% to 7.70%, RMB2 billion medium-term notes ranging from 5.25% to 5.50% and offshore USD4.875 billion senior notes ranging from 5.75% to 9.125%, most of the borrowings were in RMB and at floating interest rate bench marked to rates published by the People's Bank of China. The Group considered the RMB interest rate environment relatively stable and with the Group's borrowings substantially in RMB that matched income and assets predominantly in RMB, the Group did not consider it necessary to hedge either its interest rate or currency exposure.

Charge on assets

As at 30 June 2019, assets with total carrying values of RMB112.24 billion and the Group's shares of certain subsidiaries were pledged to secure bank loans and other borrowings amounted to RMB100.45 billion (31 December 2018: RMB94.31billion).

Contingent liabilities

The Group provided guarantees in respect of bank mortgage loans taken out by purchasers of the Group's sale properties and joint liability counter-guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purpose. For guarantees provided in respect of residential properties, the guarantees are released upon the issuance of real estate ownership certificate of the properties concerned or after the satisfaction of relevant mortgage loan by the purchasers (upon the earlier). As at 30 June 2019, such guarantees totalled RMB82.58 billion, increased by 10% from RMB74.89 billion as at 31 December 2018.

Employee and remuneration policies

As of 30 June 2019, the Group had approximately 59,021 employees (30 June 2018: 52,634). The total staff costs incurred were approximately RMB1.80 billion during the six months ended 30 June 2019. The Group provides competitive remuneration, including fringe benefits such as one-off discount on purchase of properties developed by the Group, and employees are rewarded on a performance basis within the general framework of the Group's salary and bonus system. Job-related training is also provided from time to time.

INTERIM DIVIDEND PAYMENT AND CLOSURE OF REGISTER OF MEMBERS

The Board has declared an interim dividend for the six months ended 30 June 2019 (the "Interim Dividend") of RMB0.42 per share to shareholders whose names appear on the register of members of the Company as at the close of business on 20 September 2019. The Interim Dividend will be paid on 25 October 2019.

The H share register of members of the Company will be closed from 16 September 2019 (Monday) to 20 September 2019 (Friday) (both dates inclusive), during which period no transfer of H shares will be registered. In order to establish entitlements to the Interim Dividend, all the share transfer documents must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 13 September 2019 (Friday).

According to the Company's articles of association (the "Articles of Association"), dividend payable to shareholders shall be calculated and declared in RMB. Dividends payable to holders of the Company's domestic shares shall be paid in RMB, whereas dividends payable to holders of the Company's H shares shall be in Hong Kong Dollar. The exchange rate to be adopted shall be the average closing rate of the one-week period preceding the date of declaration of dividend as announced by the People's Bank of China. The Interim Dividend is also subject to PRC withholding tax.

The average of the closing exchange rates for RMB to Hong Kong Dollar as announced by the People's Bank of China for the one-week period prior to 22 August 2019, the date on which the Interim Dividend was declared, was RMB0.89734 to HK$1.00. Accordingly, the amount of Interim Dividend payable per H share is HK$0.468050.

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) and its implementation regulations (the "EIT Law"), the tax rate of the enterprise income tax applicable to the income of a non-resident enterprise deriving from the PRC is 10%. For this purpose, any H shares registered under the name of non-individual enterprise, including the H shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organizations or entities, shall be deemed as shares held by non-resident enterprise shareholders (as defined under the EIT Law). The Company will distribute the dividend to those non-resident enterprise shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

Any resident enterprise (as defined under the EIT Law) which has been legally incorporated in the PRC or which was established pursuant to the laws of foreign countries (regions) but has established effective administrative entities in the PRC, and whose name appears on the Company's H share register should deliver a legal opinion ascertaining its status as a resident enterprise furnished by a qualified PRC lawyer (with the official chop of the law firm issuing the opinion affixed thereon) and relevant documents to Computershare Hong Kong Investor Services Limited in due course, if they do not wish to have the 10% enterprise income tax withheld and paid on their behalf by the Company.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa (1993) No. 045 Document (關於國稅發(1993) 045號文件廢止後有關個人所得稅徵管問題的通知) (the "Notice") issued by the State Administration of Taxation on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general.

However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries of their residence and Mainland China. Thus, 10% individual income tax will be withheld from the dividend payable to any individual shareholders of H shares whose names appear on the H share register of members of the Company on the record date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice.

PROFIT DISTRIBUTION TO INVESTORS OF SOUTHBOUND TRADING

For investors of the Shanghai Stock Exchange and Shenzhen Stock Exchange (including enterprises and individuals) investing in the H shares of the Company listed on the Hong Kong Stock Exchange (the "Southbound Trading"), the Company has entered into the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading (港股通H股股票現金紅利派發協議) with the Shanghai Branch and Shenzhen Branch of China Securities Depository and Clearing Corporation Limited ("China Securities"), pursuant to which, China Securities, as the nominee of the holders of H shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Southbound Trading through its depositary and clearing system. The cash dividends for the investors of H shares of Southbound Trading will be paid in RMB. Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (關於深港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2016] No. 127), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through the Southbound Trading, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through the Southbound Trading, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

All investors are requested to read this part carefully. Shareholders are recommended to consult their taxation advisors regarding their holding and disposing of H shares of the Company for the PRC, Hong Kong and other tax effects involved.

The Company has appointed Bank of China (Hong Kong) Trustee Limited as the receiving agent in Hong Kong and will pay to the receiving agent the Interim Dividend for payment to holders of H shares on 25 October 2019. Cheques will be dispatched to holders of H shares by ordinary post at their own risk.

REVIEW OF INTERIM RESULTS

The audit committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2019. The Company's auditor, PricewaterhouseCoopers, has also reviewed the unaudited condensed consolidated interim financial information for the period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

SHARE CAPITAL

The shareholding structure of the Company as at 30 June 2019 was as follows:

Class of shares	No. of shares	Percentage
Domestic shares	2,207,108,944	68.49%
H shares	1,015,258,400	31.51%
Total	3,222,367,344	100.00%

DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, the beneficial interests and short positions of the directors, chief executive and supervisors of the Company in the shares, underlying shares or debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")), which are required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) entered into the register required to be kept by the Company under section 352 of Part XV of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company as at 30 June 2019 were as follows:

		Number of shares				Approximate percentage of interests in the total share capital Note
Director/ Supervisor	Class of shares	Personal	Spouse or child under 18	Corporate interest	Total number of shares held at the end of the period	
Li Sze Lim	Domestic share	1,045,092,672				
	H share	16,000,000	5,000,000	16,000,000	1,082,092,672	33.58%
Zhang Li	Domestic share	1,005,092,672	20,000,000			
	H share	6,632,800			1,031,725,472	32.02%
Zhou Yaonan	Domestic share	22,922,624			22,922,624	0.71%
Lu Jing	Domestic share	35,078,352			35,078,352	1.09%
Li Helen	H share	1,003,600			1,003,600	0.03%
Ng Yau Wah, Daniel	H share	588,000			588,000	0.02%
Chen Liangnuan	Domestic share	20,000,000			20,000,000	0.62%

Note:

The Company's total number of issued shares as at 30 June 2019 was 3,222,367,344 of which 2,207,108,944 shares are domestic shares held by domestic shareholders, accounting for 68.49% of the total share capital of the Company and 1,015,258,400 shares were held by the holders of H shares, accounting for 31.51% of the total share capital of the Company.

(b) Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO):

Director	Name of associated corporation	Type	No. of shares	Percentage of total issued capital
Li Sze Lim	Guangzhou Tianfu Property Development Co., Ltd. ("Tianfu") (Note 1)	Corporate	N/A	7.50%
	Beijing Fushengli Investment Consulting Co., Ltd. ("Fushengli") (Note 2)	Corporate	N/A	34.64%
	Easy Tactic Limited ("Easy Tactic") (Note 3)	Corporate	N/A	N/A
Zhang Li	Tianfu (Note 1)	Corporate	N/A	7.50%
	Fushengli (Note 2)	Corporate	N/A	34.64%
Li Helen	Easy Tactic (Note 4)	Corporate	N/A	N/A

Notes:

1. Tianfu is 15% and 85% owned by Century Land Properties Limited and the Company respectively. Century Land Properties Limited is beneficially owned by Dr. Li Sze Lim and Mr. Zhang Li at 50% each.

2. Fushengli is 70% and 30% owned by Well Bright International Limited and Guangzhou Tianli Construction Co., Ltd. respectively. Guangzhou Tianli Construction Co., Ltd. is a subsidiary of the Company. Well Bright International Limited is 51% and 49% owned by Guangdong South China Environmental Protection Investment Co., Ltd. and Sparks Real Estate Holdings Limited respectively. Each of Dr. Li Sze Lim and Mr. Zhang Li owns 49% of Guangdong South China Environmental Protection Investment Co., Ltd.. Sparks Real Estate Holdings Limited is beneficially owned by Dr. Li Sze Lim and Mr. Zhang Li at 50% each.

3. Dr. Li Sze Lim, through his spouse, has an interest in (i) US$7,000,000 of the US$800 million 7% senior notes due 2021 issued by Easy Tactic, a wholly-owned subsidiary of the Company; (ii) US$14,000,000 of the US$375 million 8.625% senior notes due 2024 issued by Easy Tactic; and (iii) US$10,000,000 of the US$875 million 8.125% senior notes due 2023 issued by Easy Tactic.

4. Ms. Li Helen, through Pleasant View Limited which is 100% owned by her, has an interest in (i) US$1,050,000 of the US$800 million 7% senior notes due 2021 issued by Easy Tactic; and (ii) US$500,000 of the US$375 million 8.625% senior notes due 2024 issued by Easy Tactic.

Save as disclosed above, as at 30 June 2019, none of the directors, chief executive or supervisors of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2019, so far as the directors are aware, only the following persons (other than the directors, chief executive and supervisors of the Company) held 5% or more beneficial interests or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, as recorded in the register as required to be kept under section 336 of the SFO.

Name of shareholder	Type of share	Number of shares (Note 1)	Approximate percentage of interests in H shares (Note 2)
BlackRock, Inc.	H share	70,269,413 (L)	6.92%
Citigroup Inc.	H share	56,462,064 (L)	5.56%
		10,547,704 (S)	1.03%
		44,350,046 (P)	4.36%
Commonwealth Bank of Australia	H share	53,233,212 (L)	5.24%
		5,067,768 (S)	0.49%
Lehman Brothers Holdings Inc.	H share	51,049,240 (L)	5.03%
		67,663,183 (S)	6.66%

Notes:

1. The letters "L", "S" and "P" respectively denote a long position, short position and lending pool in the shares.

2. 1,015,258,400 shares were held by the holders of H shares, accounting for 31.51% of the total share capital of the Company.

Save as disclosed above, as at 30 June 2019, no other persons' (other than the directors', chief executive's and supervisors') interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

BOARD COMPOSITION AND PRACTICE

The Board consists of nine members, including four executive directors: Dr. Li Sze Lim, Chairman, Mr. Zhang Li, Co-chairman and chief executive officer, Mr. Zhou Yaonan and Mr. Lu Jing; two non-executive directors: Ms. Zhang Lin (the sister of Mr. Zhang Li) and Ms. Li Helen (the sister of Dr. Li Sze Lim); and three independent non-executive directors: Mr. Zheng Ercheng, Mr. Ng Yau Wah, Daniel and Mr. Wong Chun Bong. Save as disclosed, there is no business or other relationship among members of the Board, and in particular between the chairman and the chief executive officer of the Company. The structure, size and composition of the Board will be reviewed from time to time to ensure that the Board retains a mix of balanced skills and expertises to provide effective leadership of the Company according to the board diversity policy of the Company.

All directors have entered into a service contract with the Company for a specific term of three years. They are all subject to retirement from office by rotation and re-election at the general meeting once every three years in accordance with the Articles of Association.

The Board is fully responsible for the formulation of business policies and strategies in relation to the business operations of the Group, including dividend policy and risk management strategies. It is also responsible for the adoption of internal business and management control as well as the monitoring of the effectiveness of its control measures.

All directors, including non-executive directors and independent non-executive directors, have devoted sufficient time and effort to serve the business affairs of the Company. All non-executive directors and independent non-executive directors possess appropriate academic and professional qualifications and related management experience and have contributed to the Board with their professional advice. Pursuant to the requirement of Rule 3.10 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, the Company has three independent non-executive directors, one of whom has appropriate professional qualifications in accounting and financial management. The Company has received from each of the independent non-executive directors an annual confirmation of independence.

The notice of Board meeting will be given to all directors at least 14 days prior to the date of meeting. All directors are given opportunities to include any matters they would like to discuss in the agenda. The joint company secretaries are responsible to the Board for ensuring that all board procedures are followed, and detailed minutes of the Board meetings are prepared, circulated and approved. The joint company secretaries are also responsible for the Company's compliance with the continuing obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance, SFO and other applicable laws, rules and regulations.

The Company continuously updates all directors on the latest development regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and to enhance their awareness of good corporate governance practices.

The positions of the chairman and the chief executive officer are held by separate individuals with the view to maintaining an effective segregation of duties.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS AND SUPERVISORS OF THE COMPANY

The Company has adopted the Model Code laid out in Appendix 10 to the Listing Rules as the code of conduct for directors and supervisors in any dealings in the Company's securities. The Company has made specific enquiries of each director and supervisor, each of whom has confirmed their compliance with the Model Code during the six months ended 30 June 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to enhancing its corporate governance practices and procedures. It complies strictly with the PRC Company Law and other applicable laws and regulations. In particular, it has observed the principles and code provisions set out under the Corporate Governance Code and Corporate Governance Report as stated in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2019.

AUDIT COMMITTEE

The audit committee of the Company was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The audit committee is delegated by the Board to be responsible for reviewing the accounting policies and practices adopted by the Group as well as reviewing internal control, risk management and financial reporting matters of the Group. There were no disagreements from the audit committee or the external auditors on the accounting policies adopted by the Company.

The audit committee comprises Mr. Wong Chun Bong (chairman of the audit committee) and Mr. Zheng Ercheng who are independent non-executive directors of the Company and Ms. Li Helen who is a non-executive director of the Company. The audit committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2019. The Company's auditor, PricewaterhouseCoopers, has also reviewed the unaudited condensed consolidated interim financial information for the period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

REMUNERATION COMMITTEE

The remuneration committee of the Company was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The committee comprises Mr. Zheng Ercheng (chairman of the remuneration committee), Dr. Li Sze Lim, and Mr. Ng Yau Wah, Daniel. The principal responsibilities of the remuneration committee include the reviewing and making of recommendation to the Board on the Company's policies, structure and specific remuneration packages of directors and senior management of the Company.

The remuneration committee has reviewed the compensation payable to all directors and senior management in accordance with the contractual terms and that such compensation is fair and not excessive to the Company.

NOMINATION COMMITTEE

The nomination committee of the Company was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The committee comprises three directors: Dr. Li Sze Lim, executive director, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Wong Chun Bong. Dr. Li Sze Lim is the chairman of the committee.

The nomination committee is responsible for the formulation of nomination policy for the consideration of the Board and implementing the policy approved by the Board. Specific responsibilities include, among others, review the structure, size and composition of the Board according to the Board diversity policy, identify and nominate candidates to fill causal vacancies of directors and make recommendations to the Board in respect of succession planning.

SHAREHOLDERS RELATION

The Company has established different communication channels with its shareholders. Apart from general meetings, annual reports, interim reports, circulars and announcements as required under the Listing Rules, shareholders are encouraged to visit the website of the Company which is updated with the most recent key information of the Group. The Company also holds regular press conferences and briefing meetings with analysts.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Unaudited 30 June 2019	Audited 31 December 2018
ASSETS			
Non-current assets			
Land use rights	8	–	9,979,114
Property, plant and equipment	8	34,528,576	34,896,876
Right-of-use assets	4,8	10,829,172	–
Investment properties	8	29,787,714	29,019,386
Intangible assets	8	1,269,625	1,110,022
Interests in joint ventures	9	10,554,991	10,265,788
Interests in associates	10	569,943	390,718
Deferred income tax assets		10,378,894	8,716,280
Financial assets at fair value through other comprehensive income	6	652,889	627,967
Trade and other receivables and prepayments	11	75,639	112,139
		98,647,443	95,118,290
Current assets			
Properties under development		168,355,253	150,197,550
Completed properties held for sale		47,609,954	41,967,903
Inventories		901,809	974,331
Trade and other receivables and prepayments	11	42,094,038	36,876,446
Contract assets		1,552,633	724,178
Tax prepayments		7,303,673	5,628,668
Restricted cash	12	15,571,076	14,923,681
Cash and cash equivalents		23,458,405	19,782,883
		306,846,841	271,075,640
Total assets		405,494,284	366,193,930

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Unaudited 30 June 2019	Audited 31 December 2018
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	**805,592**	805,592
Other reserves		**4,891,892**	4,864,287
Retained earnings		**63,934,104**	62,581,085
		69,631,588	68,250,964
Non-controlling interests		**1,816,323**	1,609,620
Total equity		**71,447,911**	69,860,584
LIABILITIES			
Non-current liabilities			
Long-term borrowings	14	**137,633,343**	110,948,510
Lease liabilities	4	**148,525**	–
Deferred income tax liabilities		**7,804,904**	7,665,675
		145,586,772	118,614,185
Current liabilities			
Accruals and other payables	15	**70,799,212**	67,434,238
Contract liabilities		**39,441,997**	39,306,378
Current income tax liabilities		**18,489,187**	18,628,381
Dividend payable		**1,714,934**	–
Short-term borrowings	14	**15,256,095**	13,788,898
Current portion of long-term borrowings	14	**42,610,356**	38,561,266
Lease liabilities	4	**147,820**	–
		188,459,601	177,719,161
Total liabilities		**334,046,373**	296,333,346
Total equity and liabilities		**405,494,284**	366,193,930

The notes on pages 27 to 67 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Unaudited Six months ended 30 June **2019**	 2018
Revenue	7	**35,053,257**	34,087,108
Cost of sales		**(22,089,336)**	(20,950,374)
Gross profit		**12,963,921**	13,136,734
Other income	16	**435,028**	320,008
Other gains – net	17	**452,439**	383,717
Selling and marketing costs		**(1,366,014)**	(1,053,541)
Administrative expenses		**(3,091,630)**	(2,685,641)
Net impairment losses on financial and contract assets		**(2,747)**	(39,219)
Gains on bargain purchase		**–**	319,711
Operating profit		**9,390,997**	10,381,769
Finance costs	18	**(2,407,639)**	(2,746,438)
Share of results of associates		**99,874**	(51,247)
Share of results of joint ventures		**330,382**	140,094
Profit before income tax		**7,413,614**	7,724,178
Income tax expenses	19	**(3,243,898)**	(3,644,111)
Profit for the period		**4,169,716**	4,080,067
Profit attributable to:			
– Owners of the Company		**4,027,584**	3,923,067
– Holders of perpetual capital instruments		**–**	33,433
– Non-controlling interests		**142,132**	123,567
		4,169,716	4,080,067
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)		**1.2499**	1.2174

The notes on pages 27 to 67 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

	Unaudited Six months ended 30 June	
	2019	2018
Profit for the period	**4,169,716**	4,080,067
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
– Share of other comprehensive loss of joint ventures accounted for using the equity method	**(7,370)**	–
– Currency translation differences	**(893)**	(22,736)
Items that will not be reclassified to profit or loss		
– Change in fair value of financial assets at fair value through other comprehensive income, net of tax	**35,868**	(41,910)
Other comprehensive income/(loss) for the period, net of tax	**27,605**	(64,646)
Total comprehensive income for the period	**4,197,321**	4,015,421
Total comprehensive income for the period attributable to:		
– Owners of the Company	**4,055,189**	3,858,421
– Holders of perpetual capital instruments	**–**	33,433
– Non-controlling interests	**142,132**	123,567
	4,197,321	4,015,421

The notes on pages 27 to 67 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB Yuan thousands unless otherwise stated)

	Unaudited					
	Attributable to owners of the Company					
	Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2019	**805,592**	**4,864,287**	**62,581,085**	**68,250,964**	**1,609,620**	**69,860,584**
Total comprehensive income for the period ended 30 June 2019	**–**	**27,605**	**4,027,584**	**4,055,189**	**142,132**	**4,197,321**
Transactions with owners						
Acquisition of subsidiaries	**–**	**–**	**–**	**–**	**9,971**	**9,971**
Capital contributions from non-controlling interests	**–**	**–**	**–**	**–**	**54,600**	**54,600**
Dividends for the year ended 31 December 2018	**–**	**–**	**(2,674,565)**	**(2,674,565)**	**–**	**(2,674,565)**
Total transactions with owners	**–**	**–**	**(2,674,565)**	**(2,674,565)**	**64,571**	**(2,609,994)**
Balance at 30 June 2019	**805,592**	**4,891,892**	**63,934,104**	**69,631,588**	**1,816,323**	**71,447,911**

	Unaudited						
	Attributable to owners of the Company						
	Share capital	Other reserves	Retained earnings	Total	Perpetual capital instruments	Non-controlling interests	Total equity
Balance at 31 December 2017 as originally presented	805,592	4,566,257	56,160,504	61,532,353	2,404,327	956,974	64,893,654
Adjustment on adoption of HKFRS 9, net of tax	–	–	(177,290)	(177,290)	–	(150)	(177,440)
Adjustment on adoption of HKFRS 15, net of tax	–	–	1,863,123	1,863,123	–	29,872	1,892,995
Restated total equity at 1 January 2018	805,592	4,566,257	57,846,337	63,218,186	2,404,327	986,696	66,609,209
Total comprehensive income for the period ended 30 June 2018	–	(64,646)	3,923,067	3,858,421	33,433	123,567	4,015,421
Transactions with owners							
Acquisition of subsidiaries	–	–	–	–	–	45,243	45,243
Capital contributions from non-controlling interests	–	–	–	–	–	6,450	6,450
Dividends for the year ended 31 December 2017	–	–	(2,481,223)	(2,481,223)	–	–	(2,481,223)
Redemptions of perpetual capital instruments	–	–	–	–	(2,400,000)	–	(2,400,000)
Distributions to holders of perpetual capital instruments	–	–	–	–	(37,760)	–	(37,760)
Total transactions with owners	–	–	(2,481,223)	(2,481,223)	(2,437,760)	51,693	(4,867,290)
Balance at 30 June 2018	805,592	4,501,611	59,288,181	64,595,384	–	1,161,956	65,757,340

The notes on pages 27 to 67 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(All amounts in RMB Yuan thousands unless otherwise stated)

	Unaudited	
	Six months ended 30 June	
	2019	2018
Cash flows from operating activities		
– Cash (used in)/generated from operations	**(14,660,521)**	58,266
– Interest paid	**(6,073,239)**	(4,735,642)
– Enterprise income tax and land appreciation tax paid	**(5,342,460)**	(4,872,922)
Net cash used in operating activities	**(26,076,220)**	(9,550,298)
Cash flows from investing activities		
– Purchases of property, plant and equipment (2018: Purchases of property, plant and equipment and land use rights)	**(758,768)**	(741,688)
– Purchases of intangible assets	**(235,972)**	(48,161)
– Additions of right-of-use assets	**(101,012)**	–
– Additions of investment properties	**(333,156)**	–
– Proceeds on disposals of property, plant and equipment	**754**	1,698
– Proceeds on disposals of intangible assets	**1,651**	60,607
– Proceeds on disposals of a joint venture	**-**	66,525
– Acquisition of subsidiaries, net of cash acquired	**(457,616)**	(418,784)
– Prepayment for acquisitions of subsidiaries	**–**	(167,404)
– Investments in financial assets at fair value through other comprehensive income, joint ventures and associates	**(92,400)**	(264,167)
– Cash advances and repayments to related parties	**(2,110,948)**	(1,666,795)
– Cash receipts from the repayment of advances to related parties	**1,954,196**	1,899,851
– Dividends received on financial assets at fair value through other comprehensive income and an associate	**7,409**	3,535
– Proceeds from disposals of financial assets at fair value through other comprehensive income	**22,633**	–
– Interest received	**261,010**	156,543
Net cash used in investing activities	**(1,842,219)**	(1,118,240)
Cash flows from financing activities		
– Proceeds from borrowings, net of transaction costs	**58,007,633**	50,184,317
– Redemptions of perpetual capital instruments	**–**	(2,400,000)
– Repayments of borrowings	**(26,100,098)**	(34,594,534)
– Repayments of principal of lease liabilities (2018: Repayments of principal of finance lease liabilities)	**(72,198)**	(49,457)
– Decrease/(increase) in guarantee deposits for borrowings	**564,196**	(2,542,714)
– Capital contributions from non-controlling interests	**54,600**	6,450
– Dividends paid to owners of the Company	**(880,120)**	(781,749)
– Distributions paid to holders of perpetual capital instruments	**–**	(37,760)
Net cash generated from financing activities	**31,574,013**	9,784,553
Net increase/(decrease) in cash and cash equivalents	**3,655,574**	(883,985)
Cash and cash equivalents at the beginning of the period	**19,782,883**	19,697,169
Exchange gains/(losses)	**19,948**	(35,027)
Cash and cash equivalents at the end of the period	**23,458,405**	18,778,157

The notes on pages 27 to 67 form an integral part of this condensed consolidated interim financial information.

(All amounts in RMB Yuan thousands unless otherwise stated)

1. GENERAL INFORMATION

Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the PRC. The address of its registered office is 45-54/F, R&F Center, No.10 Hua Xia Road, Guangzhou 510623, the PRC.

The shares of the Company have been listed on The Main Board of Stock Exchange of Hong Kong Limited since 14 July 2005.

This condensed consolidated interim financial information is presented in RMB Yuan (RMB), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 22 August 2019.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the 2018 financial statements as described therein.

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

The following new or amended standards and interpretation are mandatory for the first time for the financial year beginning on 1 January 2019.

Standards	Subject
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures
HKFRS 16	Leases
Annual Improvements 2015-2017 Cycle	Improvements to HKFRSs
HK (IFRIC) 23	Uncertainty over Income Tax Treatments

The impact of the adoption of HKFRS 16 are disclosed in Note 4 below. The other standards, amendments and interpretation did not have a material impact or are not relevant to the Group.

The Group has elected to early adopt HKFRS 3 (Amendments) for acquisitions that occur on or after 1 January 2019. As the acquisitions occurred during the six months ended 30 June 2019 did not meet the definition of business neither before or after the amendments, there is no impact on the Group for the six months ended 30 June 2019.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. ACCOUNTING POLICIES (continued)

(b) New and amended standards not yet adopted by the Group

Certain new and amended standards have been issued and are not effective for financial year beginning 1 January 2019 and have not been early adopted by the Group. None of these is expected to have a significant effect on the Group.

Standards	Subject	Effective for annual periods beginning on or after
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

4. CHANGE IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial information and discloses the new accounting policies that have been applied from 1 January 2019 in Note(b) below.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was mainly 5.56%.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date.

(All amounts in RMB Yuan thousands unless otherwise stated)

4. CHANGE IN ACCOUNTING POLICIES (continued)

(a) Adjustments recognised on adoption of HKFRS 16 (continued)

Operating lease commitments disclosed as at 31 December 2018	141,938
Discounted using the lessee's incremental borrowing rate of at the date of initial application	118,373
Add: finance lease liabilities recognised as at 31 December 2018	135,216
Less: short-term and low-value leases recognised on a straight-line basis as expense	(15,914)
Lease liability recognised as at 1 January 2019	237,675
Of which are:	
Current lease liabilities	123,736
Non-current lease liabilities	113,939
	237,675

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The land use rights are reclassified to right-of-use assets as of 1 January 2019.

The recognised right-of-use assets relate to the following types of assets:

	As at	
	30 June 2019	1 January 2019
Land and buildings	**10,154,328**	10,087,947
Transportation equipment	**674,844**	708,732
Total right-of-use assets	**10,829,172**	10,796,679

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

Land use rights	–	RMB9,979,114,000 reclassified to right-of-use assets
Property, plant and equipment	–	RMB708,732,000 reclassified to right-of-use assets
Right-of-use assets	–	increased by RMB10,796,679,000
Trade and other receivables and prepayments	–	decreased by RMB6,374,000
Long-term borrowings	–	decreased by RMB46,057,000
Current portion of long-term borrowings	–	decreased by RMB89,159,000
Lease liabilities	–	increased by RMB237,675,000

No significant impact on the Group's net profit after tax for the six months ended 30 June 2019 as a result of adoption of HKFRS 16.

(All amounts in RMB Yuan thousands unless otherwise stated)

4. CHANGE IN ACCOUNTING POLICIES (continued)

(a) Adjustments recognised on adoption of HKFRS 16 (continued)

(i) Impact on segment disclosures

Adjusted segment assets and segment liabilities for June 2019 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities, whereas finance lease liabilities were previously excluded from segment liabilities. The following segments were affected by the change in policy:

	Segment assets	Segment liabilities
Property development	131,450	212,083
Hotel operations	15,617	15,037
All other segments	69,133	69,225
	216,200	296,345

(ii) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 *Determining whether an Arrangement Contains a Lease*.

4. CHANGE IN ACCOUNTING POLICIES (continued)

(b) The Group's leasing activities and how these are accounted for

The Group leases various land use rights, offices, warehouses, office equipment and transportation equipment. Rental contracts are typically made for fixed periods of 2 to 60 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets except for those with land use rights certificate may not be used as security for borrowing purposes.

Until the 2018 financial year, leases were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

4. CHANGE IN ACCOUNTING POLICIES (continued)

(b) The Group's leasing activities and how these are accounted for (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment.

5. JUDGEMENTS AND ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

6. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

6.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018.

6.2 Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents, including proceeds from pre-sale of properties, short-term and long-term borrowings, available funding through adequate amount of credit lines for which the Group has obtained non-binding letters of intent or strategic cooperation letters from certain domestic banks, to meet its construction and investment commitments.

(All amounts in RMB Yuan thousands unless otherwise stated)

6. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

6.2 Liquidity risk (continued)

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include controlling investment in land banks, adjusting project development timetable to adapt to the changing local real estate market environment, implementing cost control measures, accelerating sales of properties with more flexible pricing, seeking joint venture partners to co-develop quality projects, and disposing of certain investment properties with acceptable prices to the Group. The Group will, based on its assessment of the relevant costs and benefits, pursue such options as are appropriate.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 30 June 2019					
Borrowings (Note (1))	**69,337,622**	**52,506,961**	**75,634,874**	**36,301,243**	**233,780,700**
Lease liabilities	**159,880**	**49,591**	**60,416**	**54,376**	**324,263**
Financial liabilities as included in accruals and other payables (excluding accruals for staff costs and allowance and other taxes payable)	**29,855,982**	**–**	**–**	**–**	**29,855,982**
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**74,928,594**	**–**	**–**	**–**	**74,928,594**
Guarantees in respect of borrowings of joint ventures and associates	**3,951,730**	**1,020,955**	**1,347,225**	**1,333,247**	**7,653,157**
At 31 December 2018					
Borrowings (excluding finance lease liabilities) (Note (1))	60,868,094	40,300,493	55,971,544	38,173,366	195,313,497
Finance lease liabilities	94,011	46,583	331	–	140,925
Financial liabilities as included in accruals and other payables (excluding accruals for staff costs and allowance and other taxes payable)	32,535,984	–	–	–	32,535,984
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	68,163,184	–	–	–	68,163,184
Guarantees in respect of borrowings of joint ventures and associates	2,180,731	1,535,863	1,565,515	1,448,480	6,730,589

Note:

(1) Interest on borrowings is calculated on borrowings held as at 30 June 2019 and 31 December 2018 respectively. Floating-rate interest is estimated using the current interest rate as at 30 June 2019 and 31 December 2018 respectively.

(All amounts in RMB Yuan thousands unless otherwise stated)

6. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

6.3 Credit risk

The extent of the Group's maximum exposure to credit risk in relation to financial assets is the aggregate carrying value of cash deposits in banks, trade and other receivables and contract assets.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward-looking information.

6.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group will consider the macro economic conditions, prevailing borrowing rate in the market and adequacy of cash flows generated from operations and may raise funding through capital market or bank borrowings as necessary.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the condensed consolidated interim balance sheet) less cash and cash equivalents and restricted cash.

The gearing ratio is calculated as follows:

	As at	
	30 June 2019	31 December 2018
Total borrowings (Note 14)	**195,499,794**	163,298,674
Less: cash and cash equivalents	**(23,458,405)**	(19,782,883)
restricted cash	**(15,571,076)**	(14,923,681)
Net debt	**156,470,313**	128,592,110
Total equity	**71,447,911**	69,860,584
Gearing ratio	**219.0%**	184.1%

(All amounts in RMB Yuan thousands unless otherwise stated)

6. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

6.5 Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is as follow:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

As at 30 June 2019 and 31 December 2018, the Group's financial assets that are measured at fair value are financial assets at fair value through other comprehensive income ("FVOCI"), which are categorised as level 1 and 3.

	Financial assets at FVOCI	
	As at	
	30 June 2019	31 December 2018
Level 1	**539,614**	499,777
Level 3 (Note (a))	**113,275**	128,190
	652,889	627,967

Note:

(a) Financial instruments in level 3

The fair value of the Group's investment in unlisted private funds recognised as financial assets at FVOCI was revalued as at 30 June 2019 by an independent and professionally qualified valuer. The valuation is performed based on the market approach by reference to quoted market prices for similar instruments, maximising the use of observable market data where it is available and relying as little as possible on entity specific estimates. The financial assets at FVOCI were included in level 3 as the valuation involves the use of certain factors (unobservable inputs) to adjust the data derived from increasingly volatile markets to arrive at the estimated fair value for these unquoted equity investments. The fair value gain on the equity investments was included in "other comprehensive income".

If the market price had been lower than management estimates by 5% with other variables held constant, the carrying amount of the financial assets at FVOCI would have been lowered by RMB5,664,000.

There were no transfers between level 1, level 2 and level 3 and no changes in valuation techniques during the period.

(All amounts in RMB Yuan thousands unless otherwise stated)

6. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

6.5 Fair value estimation (continued)

	Six months ended 30 June	
	2019	2018
FVOCI		
Opening balance	**627,967**	527,650
Disposals	**(22,633)**	–
Fair value gains/(losses) recognised as other comprehensive income/(loss)	**47,555**	(55,880)
Closing balance	**652,889**	471,770

6.6 Fair value of financial assets and liabilities measured at amortised cost

The fair values and carrying amounts of domestic bonds, medium-term notes and senior notes are disclosed in Note 14.

The fair values of the following financial assets and liabilities approximate their carrying amounts:

- Trade and other receivables
- Contract assets
- Restricted cash
- Cash and cash equivalents
- Accruals and other payables
- Borrowings except for domestic bonds, medium-term notes and senior notes

7. SEGMENT INFORMATION

(a) Description of segments and principal activities

The chief operating decision-maker has been identified as the Executive Directors. Management has determined the operating segments based on the information reviewed by the Executive Directors for the purpose of allocating resources and assessing performance.

As almost the entire Group's consolidated revenue and results are attributable to the market in the PRC and almost all of the Group's consolidated assets are located in the PRC, the Executive Directors consider the business mainly from product perspective. The Group is principally engaged in property development, property investment and hotel operations. Other services provided by the Group mainly represent property management. The results of these operations are included in the "all other segments" column.

The Executive Directors assess the performance of the operating segments based on a measure of profit for the period. The information provided to the Executive Directors is measured in a manner consistent with that in the financial statements.

(All amounts in RMB Yuan thousands unless otherwise stated)

7. SEGMENT INFORMATION (continued)

(b) Segment performance

The segment information provided to the Executive Directors for the reportable segments for the six months ended 30 June 2019 and 2018 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Six months ended 30 June 2019					
Segment revenue	29,974,542	635,038	3,380,398	1,801,648	35,791,626
Recognised at a point in time	18,509,109	–	–	–	18,509,109
Recognised over time	11,465,433	–	3,380,398	1,801,648	16,647,479
Revenue from other sources – rental income	–	635,038	–	–	635,038
Inter-segment revenue	–	(69,400)	(38,791)	(630,178)	(738,369)
Revenue from external customers	29,974,542	565,638	3,341,607	1,171,470	35,053,257
Profit/(loss) for the period	4,582,073	569,301	(420,230)	(561,428)	4,169,716
Finance costs	(1,872,811)	(104,115)	(426,903)	(3,810)	(2,407,639)
Share of results of joint ventures	330,975	–	–	(593)	330,382
Share of results of associates	99,876	–	–	(2)	99,874
Income tax (expenses)/credits	(3,371,235)	(189,210)	139,883	176,664	(3,243,898)
Depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets	(165,726)	–	(751,198)	(66,638)	(983,562)
Amortisation of incremental costs for obtaining contracts with customers	(226,412)	–	–	–	(226,412)
(Allowance for)/reversal of allowance for impairment losses on financial and contract assets	(1,122)	–	(4,137)	2,512	(2,747)
Fair value gains on investment properties – net of tax	–	326,797	–	–	326,797

(All amounts in RMB Yuan thousands unless otherwise stated)

7. SEGMENT INFORMATION (continued)

(b) Segment performance (continued)

	Property development	Property investment	Hotel operations	All other segments	Group
Six months ended 30 June 2018					
Segment revenue	29,305,594	582,295	3,367,210	1,107,577	34,362,676
Recognised at a point in time	16,143,975	–	–	–	16,143,975
Recognised over time	13,161,619	–	3,367,210	1,107,577	17,636,406
Revenue from other sources – rental income	–	582,295	–	–	582,295
Inter-segment revenue	–	(59,437)	(39,431)	(176,700)	(275,568)
Revenue from external customers	29,305,594	522,858	3,327,779	930,877	34,087,108
Profit/(loss) for the period	4,318,295	429,917	(184,147)	(483,998)	4,080,067
Finance costs	(2,254,495)	(119,967)	(365,425)	(6,551)	(2,746,438)
Share of results of joint ventures	140,161	–	–	(67)	140,094
Share of results of associates	(45,730)	–	–	(5,517)	(51,247)
Income tax (expenses)/credits	(3,815,692)	(143,200)	159,150	155,631	(3,644,111)
Gains on bargain purchase	26,409	–	293,302	–	319,711
Depreciation and amortisation of property, plant and equipment, intangible assets and land use rights	(80,518)	–	(800,403)	(33,612)	(914,533)
Amortisation of incremental costs for obtaining contracts with customers	(61,336)	–	–	–	(61,336)
Allowance for impairment losses on financial and contract assets	(32,671)	–	(3,022)	(3,526)	(39,219)
Fair value gains on investment properties – net of tax	–	178,646	–	–	178,646

(All amounts in RMB Yuan thousands unless otherwise stated)

7. SEGMENT INFORMATION (continued)

(b) Segment performance (continued)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the condensed consolidated interim income statement.

	Property development	Property investment	Hotel operations	All other segments	Group
As at 30 June 2019					
Segment assets	**323,152,940**	**29,787,714**	**38,773,128**	**2,748,719**	**394,462,501**
Segment assets include:					
Interests in joint ventures	**10,552,991**	**–**	**–**	**2,000**	**10,554,991**
Interests in associates	**488,689**	**–**	**–**	**81,254**	**569,943**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**633,923**	**333,156**	**553,431**	**364,307**	**1,884,817**
Segment liabilities	**103,738,949**	**–**	**2,176,491**	**4,622,114**	**110,537,554**
As at 31 December 2018					
Segment assets	287,460,311	29,019,386	38,397,821	1,972,165	356,849,683
Segment assets include:					
Interests in joint ventures	10,265,355	–	–	433	10,265,788
Interests in associates	309,463	–	–	81,255	390,718
Additions to non-current assets (other than financial instruments and deferred income tax assets)	795,855	795,946	4,014,607	132,291	5,738,699
Segment liabilities	103,474,321	–	1,653,327	1,612,968	106,740,616

(All amounts in RMB Yuan thousands unless otherwise stated)

8. CAPITAL EXPENDITURE

	Intangible assets	Investment properties	Property, plant and equipment: Owned assets	Property, plant and equipment: Assets acquired under finance lease	Land use rights	Right-of-use assets
Six months ended 30 June 2019						
At 31 December 2018 as originally presented	**1,110,022**	**29,019,386**	**34,188,144**	**708,732**	**9,979,114**	**–**
Adjustment on adoption of HKFRS 16	**–**	**–**	**–**	**(708,732)**	**(9,979,114)**	**10,796,679**
Restated at 1 January 2019	**1,110,022**	**29,019,386**	**34,188,144**	**–**	**–**	**10,796,679**
Additions	**235,972**	**333,156**	**863,535**	**–**	**–**	**220,081**
Currency translation differences	**2**	**–**	**270**	**–**	**–**	**–**
Acquisition of subsidiaries	**1**	**–**	**201,111**	**–**	**–**	**30,961**
Disposals	**(3,962)**	**–**	**(3,432)**	**–**	**–**	**–**
Fair value gains (included in other gains – net)	**–**	**435,172**	**–**	**–**	**–**	**–**
Depreciation and amortisation	**(72,410)**	**–**	**(721,052)**	**–**	**–**	**(218,549)**
At 30 June 2019	**1,269,625**	**29,787,714**	**34,528,576**	**–**	**–**	**10,829,172**
Six months ended 30 June 2018						
At 1 January 2018	1,111,274	24,814,323	33,462,857	771,236	9,173,164	–
Additions	48,161	–	698,441	95	36,972	–
Transfers to properties under development	–	–	(147,869)	–	(26,780)	–
Currency translation differences	(8)	–	(542)	–	–	–
Acquisition of subsidiaries	2,285	–	797,953	–	182,676	–
Disposals	(44,491)	–	(1,296)	–	–	–
Fair value gains (included in other gains – net)	–	238,089	–	–	–	–
Depreciation and amortisation	(41,734)	–	(721,551)	(27,018)	(106,809)	–
At 30 June 2018	1,075,487	25,052,412	34,087,993	744,313	9,259,223	–

(a) Fair value hierarchy

The Group's investment properties were valued at transfer or business acquisition dates, and at 30 June 2019 by independent and professionally qualified valuers, who hold relevant recognised professional qualifications and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates the highest and best use.

There were no changes to the valuation techniques during the current period. The valuation were arrived at by reference to certain significant unobservable inputs such as term yield, reversionary yields, market rents and market price.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. At 30 June 2019 and 31 December 2018, the Group had only level 3 investment properties.

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INTERESTS IN JOINT VENTURES

	Six months ended 30 June	
	2019	2018
At 1 January	**10,265,788**	7,395,522
Additions	**2,000**	2,765,973
Disposal	**–**	(11,538)
Share of results	**330,382**	140,094
Currency translation difference	**(7,370)**	34,619
Elimination of unrealised profits	**(35,809)**	(19,578)
At 30 June	**10,554,991**	10,305,092

10. INTERESTS IN ASSOCIATES

	Six months ended 30 June	
	2019	2018
At 1 January	**390,718**	229,515
Additions	**79,900**	42,264
Share of results	**99,874**	(51,247)
Elimination of unrealised profits	**(549)**	(7,176)
Dividends received from an associate	**–**	(3,535)
At 30 June	**569,943**	209,821

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at	
	30 June 2019	31 December 2018
Trade receivables – net	**8,546,984**	10,609,336
Other receivables – net	**21,502,898**	16,349,148
Prepayments	**5,293,399**	3,830,458
Capitalised costs to obtain sales contracts	**794,496**	620,190
Due from joint ventures (Note 23(k))	**4,649,588**	4,796,129
Due from associates (Note 23(k))	**1,382,312**	783,324
Total	**42,169,677**	36,988,585
Less: non-current portion	**(75,639)**	(112,139)
Current portion	**42,094,038**	36,876,446

As at 30 June 2019, trade receivables were mainly derived from sale of properties. Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements.

(All amounts in RMB Yuan thousands unless otherwise stated)

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)

	As at 30 June 2019	As at 31 December 2018
Trade receivables-current portion		
– Due from third parties	**8,673,558**	10,820,423
– Due from joint ventures (Note 23(k))	**139,011**	62,587
– Due from an associate (Note 23(k))	**1,607**	–
	8,814,176	10,883,010
Less: allowance for impairment	**(267,192)**	(273,674)
	8,546,984	10,609,336

At 30 June 2019 and 31 December 2018, the ageing analysis of trade receivables is as follows:

	As at 30 June 2019	As at 31 December 2018
Up to 1 year	**6,937,698**	9,442,639
1 year to 2 years	**1,288,354**	741,720
2 years to 3 years	**166,536**	267,232
Over 3 years	**421,588**	431,419
	8,814,176	10,883,010

12. RESTRICTED CASH

	As at 30 June 2019	As at 31 December 2018
Guarantee deposits for construction of pre-sold properties (Note (a))	**9,376,273**	8,753,633
Guarantee deposits for borrowings (Note (b))	**3,798,821**	4,119,875
Guarantee deposits for interest of senior notes (Note (c))	**924,647**	264,019
Guarantee deposits for salary payments for construction workers (Note (d))	**449,032**	406,365
Guarantee deposits for construction payables (Note (e))	**378,167**	313,064
Others	**644,136**	1,066,725
	15,571,076	14,923,681

12. RESTRICTED CASH (continued)

Notes:

(a) In accordance with relevant documents, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as the guarantee deposits for the constructions of related properties. The deposits can only be used for payments of construction costs of related property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related properties.

(b) Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. Such guarantee deposits will only be released after full repayment of relevant borrowings.

(c) According to the relevant contracts, the Group is required to place at a designated bank account certain cash deposits as security for payment of interest of senior notes. Such guarantee deposits will only be released after redemption of senior notes.

(d) In accordance with relevant government documents, certain companies of the Group are required to place at a designated bank account certain cash deposits as security for salary payments for construction workers. Such guarantee deposits will only be released after completion of the construction of relevant properties.

(e) According to the relevant construction contracts, certain property development companies of the Group are required to place at designated bank accounts certain amount of the construction payables as deposits as cash collateral. Such guarantee deposits will only be released after settlement of the construction payables.

13. SHARE CAPITAL

	Number of shares (thousands)	Share capital
At 30 June 2019 and 31 December 2018		
– Domestic shares	2,207,109	551,777
– H shares*	1,015,258	253,815
	3,222,367	805,592

* H shares refer to the Company's shares listed on The Main Board of Stock Exchange of Hong Kong Limited.

As at 30 June 2019 and 31 December 2018, the registered, issued and fully paid capital of the Company was RMB805,592,000 divided into 3,222,367,000 shares, comprising 2,207,109,000 domestic shares and 1,015,258,000 H shares.

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS

	As at 30 June 2019	As at 31 December 2018
Non-current		
Long-term borrowings		
Bank borrowings (Note (a))		
– Secured	**79,209,314**	76,310,874
– Unsecured	**5,954,024**	5,747,461
	85,163,338	82,058,335
Domestic bonds (Note (b))		
– Unsecured	**41,890,437**	32,989,149
Medium-term notes (Note (c))		
– Unsecured	**1,997,692**	1,996,516
Senior notes (Note (d))		
– Secured	**30,970,264**	15,703,286
Other borrowings (Note (e))		
– Secured	**18,318,168**	14,223,474
– Unsecured	**1,903,800**	2,403,800
	20,221,968	16,627,274
Finance lease liabilities		
– Secured	**–**	135,216
Total long-term borrowings	**180,243,699**	149,509,776
Less: current portion of long-term borrowings	**(42,610,356)**	(38,561,266)
	137,633,343	110,948,510
Current		
Short-term borrowings		
Bank borrowings (Note (a))		
– Secured	**–**	2,212,745
– Unsecured	**3,416,675**	418,605
	3,416,675	2,631,350
Super & Short-term Commercial Papers (Note (f))		
– Unsecured	**5,795,508**	5,168,603
Senior notes (Note (d))		
– Secured	**2,052,439**	4,427,852
Other borrowings (Note (e))		
– Secured	**2,922,500**	1,561,093
– Unsecured	**1,068,973**	–
	3,991,473	1,561,093
Total short-term borrowings	**15,256,095**	13,788,898
Current portion of long-term borrowings	**42,610,356**	38,561,266
Total borrowings	**195,499,794**	163,298,674

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS (continued)

(a) Bank borrowings

(i) Movements in bank borrowings are analysed as follows:

	Six months ended 30 June	
	2019	2018
At 1 January	**84,689,685**	60,884,691
Additions	**20,931,954**	31,171,994
Acquisition of subsidiaries	**119,989**	615,889
Repayments	**(17,103,819)**	(10,986,084)
Foreign exchange (gains)/losses	**(57,796)**	101,849
At 30 June	**88,580,013**	81,788,339

The effective interest rate of bank borrowings is 5.58% (six months ended 30 June 2018: 5.13%).

(b) Domestic bonds

(i) 2015 Public Bonds

The Company issued 65,000,000 units of corporate bonds at a par value of RMB6.5 billion in the PRC on 13 July 2015 (the "2015 Public Bonds"). These corporate bonds have been listed on the Shanghai Stock Exchange and will mature after five years from the issue date.

On 13 July 2018, the Company early redeemed 62,545,820 units of 2015 Public Bonds at a redemption price equal to 100% of the principal amount. The interest rate was fixed at 7.00% per annum for the remaining periods. The carrying amount of the remaining 2015 Public Bonds amounted to RMB245,418,000.

(ii) 2016 Public Bonds

The Company issued 60,000,000 units of corporate bonds at a par value of RMB6.0 billion in the PRC on 11 January 2016 (the "Original 2016 Public Bonds"). The Company further issued 36,000,000 units of corporate bonds at a par value of RMB3.6 billion in the PRC on 22 January 2016 (the "Additional 2016 Public Bonds I"). The interest rates of the Original 2016 Public Bonds and Additional 2016 Public Bonds I were fixed at 3.95% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rates for the remaining periods. The Original 2016 Public Bonds and Additional 2016 Public Bonds I will mature after five years from the respective issue dates, and are puttable for early redemption at the principal amount upon the third anniversary of the respective issue dates.

On 11 January 2019, the Company adjusted the interest rates for the Original 2016 Public Bonds to 7.20% per annum for the remaining periods. On 22 January 2019, the Company adjusted the interest rates for the Additional 2016 Public Bonds I to 7.00% per annum for the remaining periods. No early redemption has occurred.

The Company further issued 19,500,000 units of corporate bonds at a par value of RMB1.95 billion in the PRC on 7 April 2016 (the "Additional 2016 Public Bonds II"). The interest rate of the Additional 2016 Public Bonds II was fixed at 3.48% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Public Bonds II will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

14. BORROWINGS (continued)

(b) Domestic bonds (continued)

(ii) 2016 Public Bonds (continued)

On 7 April 2019, the Company adjusted the interest rates for the Additional 2016 Public Bonds II to 6.70% per annum for the remaining periods. No early redemption has occurred.

The Company further issued 9,500,000 units of corporate bonds at a par value of RMB0.95 billion in the PRC on 7 April 2016 (the "Additional 2016 Public Bonds III" and, together with the Original 2016 Public Bonds, the Additional 2016 Public Bonds I and II, the "2016 Public Bonds"). The interest rate of the Additional 2016 Public Bonds III was fixed at 3.95% per annum. On the fifth anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Public Bonds III will mature after seven years from the issue date, and are puttable for early redemption at the principal amount upon the fifth anniversary of the issue date.

The net proceeds of all the 2016 Public Bonds, after deducting the transaction costs, amounted to RMB12,382,400,000. The 2016 Public Bonds have been listed on the Shanghai Stock Exchange.

(iii) 2016 Non-public Bonds

The Company issued 46,000,000 units of non-public bonds at a par value of RMB4.6 billion in the PRC on 16 May 2016 (the "Original 2016 Non-public Bonds"). The interest rate of the Original 2016 Non-public Bonds was fixed at 5.20% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Original 2016 Non-public Bonds will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

On 16 May 2019, the Company adjusted the interest rates for the Original 2016 Non-public Bonds to 6.80% per annum for the remaining periods. No early redemption has occurred.

The Company further issued 104,000,000 units of non-public bonds at a par value of RMB10.4 billion in the PRC on 30 May 2016 (the "Additional 2016 Non-public Bonds I"). The interest rate of the Additional 2016 Non-public Bonds I was fixed at 5.15% per annum. On the second anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Non-public Bonds I will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

On 30 May 2018, the Company redeemed 84,700,000 units of the Additional 2016 Non-public Bonds I at a redemption price equal to 100% of the principal amount. The interest rate was fixed at 6.50% per annum for the remaining periods.

The Company further issued 93,000,000 units of non-public bonds at a par value of RMB9.3 billion in the PRC on 29 June 2016 (the "Additional 2016 Non-public Bonds II"). The interest rate of the Additional 2016 Non-public Bonds II was fixed at 5.00% per annum. On the second anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Non-public Bonds II will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

On 29 June 2018, the Company redeemed 85,000,000 units of the Additional 2016 Non-public Bonds II at a redemption price equal to 100% of the principal amount. The interest rate was fixed at 7.50% per annum for the remaining periods.

14. BORROWINGS (continued)

(b) Domestic bonds (continued)

(iii) 2016 Non-public Bonds (continued)

The Company further issued 57,000,000 units of non-public bonds at a par value of RMB5.7 billion in the PRC on 19 October 2016 (the "Additional 2016 Non-public Bonds III" and, together with the Original 2016 Non-public Bonds, the Additional 2016 Non-public Bonds I and II, the "2016 Non-public Bonds"). The interest rate of the Additional 2016 Non-public Bonds III was fixed at 4.39% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Non-public Bonds III will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

The net proceeds of the 2016 Non-public Bonds, after deducting the transaction costs, amounted to RMB29,769,400,000.

(iv) 2018 Non-public Bonds

The Company issued 10,000,000 units of non-public bonds at a par value of RMB1 billion in the PRC on 30 May 2018 (the "2018 Non-public Bonds I"). The interest rate of the 2018 Non-public Bonds I was fixed at 6.80% per annum. On the first and the second anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds I will mature after three years from the issue date and are puttable for early redemption at the principal amount upon the first or the second anniversary of the issue date.

On 30 May 2019, the Company did not adjust the interest rate for 2018 Non-public Bonds I for the remaining periods. No early redemption has occurred.

The Company issued 5,000,000 units of non-public bonds at a par value of RMB0.5 billion in the PRC on 26 June 2018 (the "2018 Non-public Bonds II"). The interest rate of the 2018 Non-public Bonds II was fixed at 7.30% per annum. On the first and the second anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds II will mature after three years from the issue date and are puttable for early redemption at the principal amount upon the first or the second anniversary of the issue date.

On 24 June 2019, the Company redeemed 1,000,000 units of the 2018 Non-public Bonds II at a redemption price equal to 100% of the principal amount. The interest rate was fixed at 6.60% per annum for the remaining periods.

The Company issued 12,000,000 units of non-public bonds at a par value of RMB1.2 billion in the PRC on 17 September 2018 (the "2018 Non-public Bonds III"). The interest rate of the 2018 Non-public Bonds III was fixed at 7.30% per annum. On the first and the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds III will mature after three years from the issue date and are puttable for early redemption at the principal amount upon the first or the second anniversary of the issue date.

The Company issued 5,500,000 units of non-public bonds at a par value of RMB0.55 billion in the PRC on 17 September 2018 (the "2018 Non-public Bonds IV", and, together with the 2018 Non-public Bonds I, II and III, the "2018 Non-public Bonds"). The interest rate of the 2018 Non-public Bonds IV was fixed at 7.70% per annum. On the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds IV will mature after four years from the issue date and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The net proceeds of the 2018 Non-public Bonds, after deducting the transaction costs, amounted to RMB3,236,200,000.

14. BORROWINGS (continued)

(b) Domestic bonds (continued)

(v) 2018 Public Bonds

The Company issued 40,000,000 units of corporate bonds at a par value of RMB4 billion in the PRC on 3 December 2018 (the "Original 2018 Public Bonds"). The interest rate of the 2018 Public Bonds was fixed at 6.58% per annum. On the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The Original 2018 Public Bonds will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The Company further issued 70,200,000 units of corporate bonds at a par value of RMB7.02 billion in the PRC on 3 January 2019 (the "Additional 2018 Public Bonds", and, together with the Original 2018 Public Bonds, the "2018 Public Bonds"). The interest rate of the Additional 2018 Public Bonds was fixed at 7.00% per annum. On the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The Additional 2018 Public Bonds will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The net proceeds of the 2018 Public Bonds, after deducting the transaction costs, amounted to RMB10,991,000,000. The 2018 Public Bonds have been listed on the Shanghai Stock Exchange.

(vi) 2019 Public Bonds

The Company issued 15,800,000 units of corporate bonds at a par value of RMB1.58 billion in the PRC on 8 May 2019 (the "2019 Public Bonds I"). The interest rate of the 2019 Public Bonds I was fixed at 5.60% per annum. On the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2019 Public Bonds I will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The Company further issued 4,000,000 units of corporate bonds at a par value of RMB0.4 billion in the PRC on 8 May 2019 (the "2019 Public Bonds II", and, together with 2019 Public Bonds I, the "2019 Public Bonds"). The interest rate of the 2019 Public Bonds II was fixed at 6.48% per annum. On the third anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2019 Public Bonds II will mature after five years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

The net proceeds of the 2019 Public Bonds, after deducting the transaction costs, amounted to RMB1,973,660,000. The 2019 Public Bonds have been listed on the Shanghai Stock Exchange.

(vii) Fair value and movement of domestic bonds

The fair values of the 2015 Public Bonds, 2016 Public Bonds, 2018 Public Bonds and 2019 Public Bonds as at 30 June 2019 amounted to RMB26,306,467,000 in total. The fair values were determined by reference to the price quotations published on the last trading day of the period ended 30 June 2019 and were within level 1 of the fair value hierarchy.

The fair values of the 2016 Non-public Bonds and 2018 Non-public Bonds as at 30 June 2019 approximate their carrying amount. The fair values were based on cash flows discounted at the borrowing rate of 6.06% and were within level 2 of the fair value hierarchy.

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS (continued)

(b) Domestic bonds (continued)

(vii) Fair value and movement of domestic bonds (continued)

The movements of domestic bonds are set out below:

	Six months ended 30 June	
	2019	2018
At 1 January	**32,989,149**	48,864,935
Additions	**8,973,660**	1,492,200
Redemption	**(100,000)**	(16,970,000)
Interest charged (Note 18)	**1,215,561**	1,176,726
Interest paid or included in other payables	**(1,187,933)**	(1,094,682)
At 30 June	**41,890,437**	33,469,179

(c) Medium-term notes

On 27 April 2017, the Company issued 10,000,000 units of medium-term notes at a par value of RMB1.0 billion in the PRC (the "2017 Medium-term Notes I"). The interest rate of the 2017 Medium-term Notes I was fixed at 5.25% per annum. The 2017 Medium-term Notes I will mature after three years from the issue date.

On 3 July 2017, the Company further issued 10,000,000 units of medium-term notes at a par value of RMB1.0 billion in the PRC (the "2017 Medium-term Notes II", and together with the 2017 Medium-term Notes I, the "2017 Medium-term Notes"). The interest rate of the 2017 Medium-term Notes II is fixed at 5.50% per annum. The 2017 Medium-term Notes II will mature after three years from the issue date.

The net proceeds of the 2017 Medium-term Notes, after deducting the transaction costs, amounted to RMB1,992,800,000.

The fair value of 2017 Medium-term Notes as at 30 June 2019 approximate their carrying amount. The fair value was based on cash flows discounted at the borrowing rate of 5.51%, and was within level 2 of the fair value hierarchy.

The movements of medium-term notes are set out below:

	Six months ended 30 June	
	2019	2018
At 1 January	**1,996,516**	1,994,168
Interest charged (Note 18)	**54,485**	54,448
Interest paid or included in other payables	**(53,309)**	(53,308)
At 30 June	**1,997,692**	1,995,308

14. BORROWINGS (continued)

(d) Senior notes

The senior notes are the only direct, unsubordinated, unconditional and secured obligations of the relevant issuers.

(i) 2017 Notes

2017 Notes I

On 13 January 2017, a subsidiary of the Group, Easy Tactic issued 5.75% senior notes due 13 January 2022 in the aggregate principal amount of USD265,000,000 with the issue price 99.146% of the principal amount (the "2017 Original Notes").

On 20 January 2017, Easy Tactic further issued 5.75% senior notes due 13 January 2022 in the aggregate principal amount of USD460,000,000 with the issue price 99.146% of the principal amount, plus accrued interest from (and including) 13 January 2017 to (but excluding) 20 January 2017 (the "2017 Additional Notes" and, together with the 2017 Original Notes, the "2017 Notes I"). The net proceeds of the 2017 Notes I, after deducting the transaction costs, amounted to RMB4,880,042,000.

2017 Notes II

On 13 October 2017 and 27 October 2017, a subsidiary of the Group, Trillion Chance Limited ("Trillion Chance") issued 5.25% senior notes due 11 October 2018 in the aggregate total principal amount of USD800,000,000 with the issue price 100% of the principal amount (the "2017 Notes II").

On 27 April 2018, Trillion Chance settled a Tender Offer and accepted for purchase the 2017 Notes II in the aggregate principal amount of USD400,000,000 in a price equal to 100.6% of the principal amount. On 11 October 2018, Trillion Chance redeemed the remaining 2017 Notes II in the aggregate principal amount of USD400,000,000 in a price equal to 100% of the principal amount.

2017 Notes III

On 17 November 2017, Easy Tactic issued 5.875% senior notes due 13 February 2023 in the aggregate principal amount of USD500,000,000 with the issue price 100% of the principal amount (the "2017 Notes III – Original Notes").

On 9 January 2018, Easy Tactic further issued 5.875% senior notes due 13 February 2023 in the aggregate principal amount of USD100,000,000 with the issue price 99.426% of the principal amount, plus accrued interest from (and including) 17 November 2017 to (but excluding) 9 January 2018 (the "2017 Notes III – Additional Notes" and, together with the 2017 Notes III – Original Notes, the "2017 Notes III"). The net proceeds of the 2017 Notes III, after deducting the transaction costs, amounted to RMB3,891,552,000.

14. BORROWINGS (continued)

(d) Senior notes (continued)

(ii) 2018 Notes

2018 Notes I

On 15 February 2018, Trillion Chance issued 5.00% senior notes due 13 February 2019 in the aggregate principal amount of USD350,000,000 with the issue price 100% of the principal amount (the “2018 Notes I”). The net proceeds of the 2018 Notes I, after deducting the transaction costs, amounted to RMB2,206,205,000.

On 13 February 2019, Trillion Chance redeemed the 2018 Notes I in full at a redemption price equal to 100% of the principal amount.

2018 Notes II

On 25 April 2018, Easy Tactic issued 7.00% senior notes due 25 April 2021 in the aggregate principal amount of USD600,000,000 with the issue price 100% of the principal amount (the “2018 Note II – Original Notes”).

On 12 June 2018, Easy Tactic further issued 7.00% senior notes due 25 April 2021 in the aggregate principal amount of USD200,000,000 with the issue price 97.467% of the principal amount, plus accrued interest from (and including) 25 April 2018 to (but excluding) 12 June 2018 (the “2018 Note II – Additional Notes” and, together with the 2018 Note II – Original Notes, the “2018 Notes II”). The net proceeds of the 2018 Notes II, after deducting the transaction costs, amounted to RMB4,934,901,000.

2018 Notes III

On 27 September 2018, Easy Tactic issued 8.875% senior notes due 27 September 2021 in the aggregate principal amount of USD200,000,000 with the issue price 100% of the principal amount (the “2018 Notes III”). The net proceeds of the 2018 Notes III, after deducting the transaction costs, amounted to RMB1,348,168,000.

2018 Notes IV

On 10 October 2018, Trillion Chance issued 7.50% senior notes due 8 October 2019 in the aggregate principal amount of USD300,000,000 with the issue price 100% of the principal amount (the “2018 Notes IV”). The net proceeds of the 2018 Notes IV, after deducting the transaction costs, amounted to RMB2,024,139,000.

(iii) 2019 Notes

2019 Notes I

On 10 January 2019, Easy Tactic issued 8.75% senior notes due 10 January 2021 in the aggregate principal amount of USD500,000,000 with the issue price 99.775% of the principal amount (the “2019 Notes I – Original Notes”).

On 17 January 2019, Easy Tactic further issued 8.75% senior notes due 10 January 2021 in the aggregate principal amount of USD200,000,000 with the issue price 100% of the principal amount, plus accrued interest from (and including) 10 January 2019 to (but excluding) 17 January 2019 (the “2019 Notes I – Additional Notes” and, together with the 2019 Note I – Original Notes, the “2019 Notes I”). The net proceeds of the 2019 Notes I, after deducting the transaction costs, amounted to RMB4,684,987,000.

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS (continued)

(d) Senior notes (continued)

(iii) 2019 Notes (continued)

2019 Notes II

On 28 January 2019, Easy Tactic issued 9.125% senior notes due 28 July 2022 in the aggregate principal amount of USD300,000,000 with the issue price 99.633% of the principal amount (the "2019 Notes II"). The net proceeds of the 2019 Notes II, after deducting the transaction costs, amounted to RMB1,984,095,000.

2019 Notes III

On 27 February 2019, Easy Tactic issued 8.125% senior notes due 27 February 2023 in the aggregate principal amount of USD450,000,000 with the issue price 100% of the principal amount and 8.625% senior notes due 27 February 2024 in the aggregate principal amount of USD375,000,000 with the issue price 100% of the principal amount (the "2019 Note III – Original Notes").

On 17 June 2019, Easy Tactic further issued 8.125% senior notes due 27 February 2023 in the aggregate principal amount of USD425,000,000 with the issue price 98.812% of the principal amount, plus accrued interest from (and including) 27 February 2019 to (but excluding) 17 June 2019 (the "2019 Notes III – Additional Notes" and, together with the 2019 Note III – Original Notes, the "2019 Notes III"). The net proceeds of the 2019 Notes III, after deducting the transaction costs, amounted to RMB8,272,544,000.

As at 30 June 2019, all senior notes were guaranteed by certain subsidiaries of the Group and were secured by shares of certain offshore subsidiaries of the Group.

The effective interest rate of senior notes ranged from 6.25% to 9.81% (six months ended 30 June 2018: 6.14% to 8.75%).

The movements of senior notes are set out below:

	Six months ended 30 June	
	2019	2018
At 1 January	**20,131,138**	12,976,964
Issuance	**14,941,626**	7,754,516
Redemption	**(2,371,775)**	(2,535,720)
Early redemption premium paid	**–**	(16,730)
Interest charged (Note 18)	**1,123,456**	586,335
Interest paid or included in other payables	**(1,039,773)**	(446,889)
Foreign exchange losses	**238,031**	409,678
At 30 June	**33,022,703**	18,728,154

The fair values of the senior notes as at 30 June 2019 amounted to RMB33,966,927,000 (31 December 2018: RMB19,275,477,000). The fair values were determined directly by reference to the price quotations published by Bloomberg on the last trading day of the period ended 30 June 2019 and were within level 1 of the fair value hierarchy.

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS (continued)

(e) Other borrowings

Certain subsidiaries of the Group (the "Project Companies") have entered into funding arrangements with certain financial institutions (the "Trustees"), under which the Trustees have raised funds from third parties and injected the funds to the Project Companies.

The movements of other borrowings are set out below:

	Six months ended 30 June	
	2019	2018
At 1 January	**18,188,367**	17,299,000
Additions	**7,358,839**	5,764,300
Repayments	**(1,354,504)**	(4,086,000)
Interest charged (Note 18)	**956,164**	566,083
Interest paid or included in other payables	**(956,164)**	(566,083)
Foreign exchange losses	**20,739**	–
At 30 June	**24,213,441**	18,977,300

The carrying amounts of other borrowings as at 30 June 2019 are denominated in RMB, GBP, AUD and USD.

The effective interest rate of these funding arrangements ranged from 4.75% to 12.36% (six months ended 30 June 2018: 4.75% to 10.75%).

The carrying amounts of other borrowings approximate their fair values.

(f) Super & Short-term Commercial Papers ("SCPs")

The Company issued 71,700,000 units of SCPs at a par value of RMB7.17 billion in the PRC in 2018 (the "2018 SCPs"). The interest rate of the 2018 SCPs ranged from 5.30% to 6.50% per annum. The 2018 SCPs will mature after 270 days from the issue dates. The net proceeds of the 2018 SCPs, after deducting the transaction costs, amounted to RMB7,162,935,000. All the 2018 SCPs have been listed on the Inter-bank Bond Market.

The Company issued 10,000,000 units of SCPs at a par value of RMB1 billion in the PRC on 4 January 2019 (the "Additional 2018 SCPs"). The interest rate of the Additional 2018 SCPs was 5.66% per annum. The Additional 2018 SCPs matured after 90 days from the issue date. The Company issued 48,000,000 units of SCPs at a par value of RMB4.8 billion in the PRC in 2019 (the "2019 SCPs"). The interest rate of the 2019 SCPs ranged from 4.83% to 5.50% per annum. The 2019 SCPs will mature after 270 days from the issue dates. The Additional 2018 SCPs and 2019 SCPs have been listed on the Inter-bank Bond Market.

On 4 December 2018 and 23 December 2018, the Company redeemed 20,000,000 units of 2018 SCPs at a redemption price equal to 100% of the principal amount.

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS (continued)

(f) Super & Short-term Commercial Papers ("SCPs") (continued)

During 2019, the Company redeemed 41,700,000 units of the 2018 SCPs and 10,000,000 units of the Additional 2018 SCPs at a redemption price equal to 100% of the principal amount.

The fair value of SCPs as at 30 June 2019 approximate their carrying amount. The fair value was based on cash flows discounted at the borrowing rate of 5.68% and was within level 2 of the fair value hierarchy.

The movements of SCPs are set out below:

	Six months ended 30 June	
	2019	2018
At 1 January	**5,168,603**	–
Additions	**5,791,317**	3,996,325
Redemption	**(5,170,000)**	–
Interest charged (Note 18)	**197,769**	54,338
Interest paid or included in other payables	**(192,181)**	(50,663)
At 30 June	**5,795,508**	4,000,000

(g) As at 30 June 2019, bank and other borrowings totalling RMB100,449,982,000 (31 December 2018: RMB92,462,327,000) of the Group were secured by the following assets and the Group's shares of certain subsidiaries:

	As at	
	30 June 2019	31 December 2018
Land use rights	**–**	1,419,150
Right-of-use assets	**1,395,163**	–
Property, plant and equipment	**28,097,770**	28,102,399
Investment properties	**18,577,416**	14,581,099
Properties under development	**56,133,824**	49,960,358
Completed properties held for sale	**4,232,995**	3,596,408
Restricted cash	**3,798,821**	4,119,875
	112,235,989	101,779,289

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS (continued)

(h) The majority of unsecured bank and other borrowings were supported by guarantees issued by the Company or subsidiaries. Details are as follows:

	As at 30 June 2019	As at 31 December 2018
Guarantors:		
– The Company	**8,105,100**	7,676,706
– Subsidiaries	**3,876,383**	893,160
	11,981,483	8,569,866

15. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2019	As at 31 December 2018
Amounts due to joint ventures (Notes (a) and 23(k))	**7,256,567**	7,059,166
Amounts due to associates (Notes (a) and 23(k))	**207,170**	177,170
Amounts due to entities controlled by the same common shareholders (Note (a) and 23(k))	**60,000**	60,000
Amounts due to a major shareholder (Note (b) and Note 23(k))	**–**	450,000
Construction payables (Note (c))	**29,976,681**	27,981,005
Other payables and accrued charges (Note (d))	**33,298,794**	31,706,897
	70,799,212	67,434,238

Notes:

(a) The amounts are unsecured, interest free and repayable on demand.

(b) Amounts due to a major shareholder are interest bearing and the interest rate is the benchmark lending rate of the People's Bank of China. The amounts are unsecured and repayable on demand.

(c) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis is presented.

(d) The balance mainly represents interest payables, accruals, salary payables and other taxes payable excluding income tax.

(e) The carrying amounts of accruals and other payables approximate their fair values.

16. OTHER INCOME

	Six months ended 30 June 2019	Six months ended 30 June 2018
Interest income	**261,010**	156,543
Other operating income	**145,198**	136,533
Forfeited deposits from customers	**21,411**	26,932
Dividends income from financial assets at fair value through other comprehensive income	**7,409**	–
	435,028	320,008

(All amounts in RMB Yuan thousands unless otherwise stated)

17. OTHER GAINS – NET

	Six months ended 30 June	
	2019	2018
Fair value gains on investment properties – net	**435,172**	238,089
Gains on disposal of a joint venture	**–**	54,987
(Losses)/gains on disposals of intangible assets	**(2,311)**	16,116
(Losses)/gains on disposals of property, plant and equipment	**(2,678)**	402
Others	**22,256**	74,123
	452,439	383,717

18. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
Interest expenses:		
– bank borrowings	**2,773,944**	2,144,917
– domestic bonds (Note 14(b))	**1,215,561**	1,176,726
– medium-term notes (Note 14(c))	**54,485**	54,448
– senior notes (Note 14(d))	**1,123,456**	586,335
– other borrowings (Note 14(e))	**956,164**	566,083
– SCPs (Note 14(f))	**197,769**	54,338
– lease liabilities	**8,716**	–
– finance lease liabilities	**–**	4,936
	6,330,095	4,587,783
Early redemption premium for senior notes	**–**	16,730
Net foreign exchange losses	**126,872**	557,852
Less: finance costs capitalised	**(4,049,328)**	(2,415,927)
	2,407,639	2,746,438

(All amounts in RMB Yuan thousands unless otherwise stated)

19. INCOME TAX EXPENSES

	Six months ended 30 June	
	2019	2018
Current income tax		
– enterprise income tax (Note (b))	**2,931,928**	2,972,310
Deferred income tax	**(1,542,640)**	(1,384,986)
	1,389,288	1,587,324
Current PRC land appreciation tax (Note (c))	**1,854,610**	2,056,787
Total income tax expenses	**3,243,898**	3,644,111

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the period (six months ended 30 June 2018: Nil).

(b) Enterprise income tax

Enterprise income tax is computed according to the relevant laws and regulations enacted in the countries where the Group operated and generated taxable income.

In respect of applicable income tax rates for the six months ended 30 June 2019, all of the companies in the PRC were primarily taxed at 25% (six months ended 30 June 2018: 25%) on their profits.

(c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including costs of land use rights and development and construction expenditures.

20. DIVIDENDS

	Six months ended 30 June	
	2019	2018
Interim dividend of RMB0.42 (2018: RMB0.40) per ordinary share	**1,353,394**	1,288,947

An interim dividend in respect of the six months ended 30 June 2019 of RMB0.42 per ordinary share, totalling RMB1,353,394,000 was proposed by the board of directors (six months ended 30 June 2018: RMB1,288,947,000). This interim dividend has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ended 31 December 2019.

(All amounts in RMB Yuan thousands unless otherwise stated)

21. FINANCIAL GUARANTEE CONTRACTS

The face values of the financial guarantees issued by the Group as at 30 June 2019 are analysed as follows:

	As at 30 June 2019	As at 31 December 2018
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (Note (a))	**74,928,594**	68,163,184
Guarantees in respect of borrowings of joint ventures and associates (Note (b))	**7,653,157**	6,730,589
	82,581,751	74,893,773

Notes:

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to the bank over the repayment obligations of the purchasers. Such guarantees terminate upon the earlier of (i) issuance of the certificate of real estate ownership which will generally be available within an average period of 25 months upon the completion of guarantee registration; or (ii) the satisfaction of relevant mortgage loan by the purchasers.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends when the certificate of real estate ownership for the mortgage is issued and submitted to the banks. The directors consider that the fair value of these contracts at date of inception was minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

(b) The balance represents the maximum exposure of the guarantee provided for joint ventures and associates for their borrowings.

22. COMMITMENTS

(a) Commitments for capital and property development activities

	As at 30 June 2019	As at 31 December 2018
Contracted but not provided for		
– Property development activities (including land premium)	**26,701,196**	31,188,947
– Acquisition of hotels	**530,830**	530,830
	27,232,026	31,719,777

(All amounts in RMB Yuan thousands unless otherwise stated)

23. RELATED-PARTY TRANSACTIONS

The major shareholders of the Group include Dr. Li Sze Lim and Mr. Zhang Li, who own 33.58% and 32.02%, respectively, of the Company's shares.

Transactions are based on the price lists in force and terms that would be available to third parties.

The following transactions were carried out with related parties:

(a) Key management compensation

	Six months ended 30 June	
	2019	2018
Salaries and welfare benefits	**11,631**	11,935

(b) Provision of property management services

	Six months ended 30 June	
	2019	2018
Joint ventures:		
天津津南新城房地產開發有限公司(“津南新城”)	**12,332**	2,103
貴州大西南房地產開發有限公司(“貴州大西南”)	**10,238**	5,332
廣州市森華房地產有限公司(“森華房地產”)	**2,836**	3,965
長沙禧榮置業有限公司(“長沙禧榮”)	**550**	–
中交富力(北京)置業有限公司(“中交富力”)	**243**	–
	26,199	11,400
Associates:		
河南建業富居投資有限公司(“河南建業”)	**5,528**	4,025
龍岩恆富房地產開發有限公司(“龍岩恆富”)	**–**	676
	5,528	4,701
	31,727	16,101

(All amounts in RMB Yuan thousands unless otherwise stated)

23. RELATED-PARTY TRANSACTIONS (continued)

(c) Provision of decoration, design and construction service

	Six months ended 30 June	
	2019	2018
Joint ventures:		
RFCZ (UK) Ltd	**238,235**	–
貴州大西南	**71,418**	30,997
上海城投悦城置業有限公司(“上海悦城”)	**42,964**	25,720
長沙禧榮	**42,022**	1,049
津南新城	**8,156**	542
森華房地產	**5,743**	3,227
北京力思創新國度科技有限公司(“力思創新”)	**3,863**	–
廣西富雅投資有限公司(“廣西富雅”)	**1,433**	–
天津駿友房地產信息咨詢有限公司(“天津駿友”)	**1,313**	–
廣州市富景房地產開發有限公司(“廣州富景”)	**–**	8,421
	415,147	69,956
Associates:		
龍岩恆富	**26,566**	71,406
河南建業	**10,815**	14,920
	37,381	86,326
An entity controlled by the same common shareholders:		
准格爾旗富量礦業有限公司	**849**	–
	453,377	156,282

(All amounts in RMB Yuan thousands unless otherwise stated)

23. RELATED-PARTY TRANSACTIONS (continued)

(d) Purchase of installation services

	Six months ended 30 June	
	2019	2018
Controlled by an immediate family member of the major shareholder: 廣州鉅融機電工程有限公司	**759**	1,439

(e) Drinking water system charges

	Six months ended 30 June	
	2019	2018
An associate: 長泰馬洋溪水務有限公司(“馬洋溪水務”)	**10**	25
An entity controlled by the same common shareholders: 廣州越富環保科技有限公司	**16**	13
	26	38

(f) Purchase of hotel services

	Six months ended 30 June	
	2019	2018
A joint venture: 廣州富景	**548**	186

(g) Purchase of advertising services

	Six months ended 30 June	
	2019	2018
An associate: 北京中房同創文化傳媒股份有限公司	**309**	198

(All amounts in RMB Yuan thousands unless otherwise stated)

23. RELATED-PARTY TRANSACTIONS (continued)

(h) Provision of technology services

	Six months ended 30 June	
	2019	2018
Joint ventures:		
RFCZ (UK) Ltd	**5,193**	–
長沙禧榮	**773**	–
津南新城	**609**	47
安徽皖富置業有限責任公司(“安徽皖富”)	**89**	–
貴州大西南	**–**	47
森華房地產	**–**	45
	6,664	139
Associates:		
龍岩恆富	**271**	–
河南建業	**117**	–
	388	–
	7,052	139

(i) Purchase of property, plant and equipment

	Six months ended 30 June	
	2019	2018
A major shareholder	**–**	29,020

(All amounts in RMB Yuan thousands unless otherwise stated)

23. RELATED-PARTY TRANSACTIONS (continued)

(j) Provision of guarantees for borrowings

The Group and certain other shareholders of the joint ventures and associates have jointly provided guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purpose. As at 30 June 2019, the Group's guarantees for borrowings provided to its joint ventures and associates are shown as follows:

(i) Bank borrowings

	As at	
	30 June 2019	31 December 2018
Joint ventures:		
廣州富景	**989,084**	989,084
津南新城	**975,000**	746,250
蘇州富景房地產開發有限公司(“蘇州富景”)	**775,000**	–
上海悦城	**578,750**	623,815
廣州市騰順投資有限公司(“騰順投資”)	**308,500**	308,500
Instant Glory International Limited (“Instant Glory”)	**109,500**	950,044
森華房地產	**–**	30,000
	3,735,834	3,647,693
Associates:		
河南建業	**1,249,281**	1,007,141
天津碧順房地產開發有限公司(“天津碧順”)	**74,500**	36,300
	1,323,781	1,043,441
	5,059,615	4,691,134

(ii) Other borrowings

	As at	
	30 June 2019	31 December 2018
A joint venture:		
中交富力	**770,000**	770,000
An associate:		
河南建業	**–**	123,750
	770,000	893,750

(All amounts in RMB Yuan thousands unless otherwise stated)

23. RELATED-PARTY TRANSACTIONS (continued)

(k) Balances with related parties

As at 30 June 2019, the Group had the following balances with related parties:

	As at 30 June 2019	31 December 2018
Due from:		
Joint ventures		
– Non-trade balances		
騰順投資(Note (a))	**2,764,642**	2,764,642
安徽皖富	**622,979**	357,554
中交富力(Note (a))	**411,270**	480,150
湖州品富房地產開发有限公司	**295,224**	292,594
Hines Shanghai New Jiangwan Development Co., Ltd.	**181,823**	181,107
長沙禧榮(Note (a))	**164,662**	518,854
Accord Wing Limited	**79,921**	79,606
RFCZ (UK) Ltd	**48,225**	19,557
天津欣碧房地產開发有限公司(Note (a))	**39,002**	53,673
天津駿友(Note (a))	**36,783**	46,275
力思創新	**5,057**	2,117
	4,649,588	4,796,129

(All amounts in RMB Yuan thousands unless otherwise stated)

23. RELATED-PARTY TRANSACTIONS (continued)

(k) Balances with related parties (continued)

	As at 30 June 2019	31 December 2018
Due from:		
Joint ventures		
– Trade balances		
RFCZ (UK) Ltd	**46,554**	–
上海悦城	**38,281**	44,270
長沙禧榮	**27,266**	16,370
貴州大西南	**19,250**	–
森華房地產	**5,042**	1,747
力思創新	**1,764**	–
天津駿友	**554**	–
津南新城	**300**	–
廣州富景	**–**	200
	139,011	62,587
Associates		
– Non-trade balances		
中交富力和美(北京)置業有限公司	**407,433**	–
蘇州富景	**319,821**	96,836
河南建業	**317,300**	317,300
衡陽傑輝置業有限公司	**167,298**	166,809
南通錦力置業有限公司	**119,689**	121,248
天津碧順	**50,251**	80,611
馬洋溪水務	**520**	520
	1,382,312	783,324
– Trade balances		
河南建業	**1,607**	–
	6,172,518	5,642,040

(All amounts in RMB Yuan thousands unless otherwise stated)

23. RELATED-PARTY TRANSACTIONS (continued)

(k) Balances with related parties (continued)

	As at 30 June 2019	31 December 2018
Advances received from (Note (b)):		
Joint ventures		
– Trade balances		
RFCZ (UK) Ltd	**–**	22,334
貴州大西南	**–**	188,855
	–	211,189
Associates		
– Trade balances		
龍岩恒富	**20,182**	13,644
河南建業	**23**	–
	20,205	13,644
Due to:		
Joint ventures		
– Non-trade balances		
廣州富景	**2,242,958**	2,241,559
上海悦城	**1,631,223**	1,705,723
津南新城	**1,241,825**	841,825
Instant Glory	**1,019,059**	1,213,557
森華房地產	**444,000**	429,000
貴州大西南	**406,942**	356,942
廣西富雅	**270,560**	270,560
	7,256,567	7,059,166
Associates		
– Non-trade balances		
龍岩恒富	**129,594**	99,594
北京盛興天和投資管理有限公司	**77,576**	77,576
	207,170	177,170
Entities controlled by the same common shareholders		
– Non-trade balances		
越富環保	**46,000**	46,000
廣東華南環保投資股份有限公司	**14,000**	14,000
	60,000	60,000
A major shareholder (Note 15(b))	**–**	450,000
	7,543,942	7,971,169

23. RELATED-PARTY TRANSACTIONS (continued)

(k) Balances with related parties (continued)

The non-trade balances with related parties are interest free, unsecured and have no fixed repayment terms except for the balances with a major shareholder. No provisions are held against receivables from related parties.

(a) It represents payments for purchases of land use rights paid by the Group on behalf of the joint venture.

(b) The Group provides construction services to certain related companies. Advance received from such related companies was classified as "contract liabilities".

24. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 11 July 2019, a subsidiary of the Group, Easy Tactic issued 8.125% senior notes due 11 July 2024 in the aggregate principal amount of USD450,000,000 with the issue price 100% of the principal amount (the "2019 Notes IV"). The net proceeds of the 2019 Notes IV, after deducting the transaction costs, amounted to RMB3,043,408,000.

On 9 August 2019, a subsidiary of the Group, Trillion Chance redeemed 50% of the 2018 Notes IV at a redemption price equal to 100.5% of the principal amount. On 16 August 2019, Trillion Chance redeemed the remaining 50% of the 2018 Notes IV at a redemption price equal to 101% of the principal amount.

(All amounts in RMB Yuan thousands unless otherwise stated)

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the period ended 30 June 2019 in accordance with China Accounting Standards for Business Enterprises ("CAS"). The differences between the consolidated financial statements prepared under CAS and HKFRS are summarised as follows:

	Profit for the period ended 30 June		Total equity as at	
	2019	2018	**30 June 2019**	31 December 2018
As stated in accordance with CAS	**4,170,295**	4,080,330	**71,417,745**	69,829,839
Impact of HKFRS adjustments:				
1. Amortisation of revaluation gain arising from business combinations	**(772)**	(350)	**40,224**	40,996
2. Deferred taxation	**193**	87	**(10,058)**	(10,251)
As stated in accordance with HKFRS	**4,169,716**	4,080,067	**71,447,911**	69,860,584

Notes:

1. The Group adopted SSAP27 "Accounting for Group Reconstructions" for acquisition of certain subsidiaries before the issuance of Accounting Guideline 5 "Merger Accounting for Common Control Combinations" in November 2005. As the acquisitions did not meet the conditions for using merger accounting under SSAP 27, which prevented the use of predecessor costs when non-controlling interests or rights of the ultimate shareholder have changed, the Group adopted purchase method to account for the acquisitions.

2. It refers to the effects of deferred tax arising from the above adjustments and recognition of deferred tax due to tax rate difference.