



Jiayuan International Group Limited
佳源國際控股有限公司

(Incorporated in the Cayman Islands with Limited Liability)
Stock Code : 2768

2019

INTERIM REPORT





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-executive Directors

Shum Tin Ching (*Chairman*)
Shen Xiaodong

Executive Directors

Zhang Yi (*Vice Chairman and President*)
Huang Fuqing (*Vice Chairman*)
Cheuk Hiu Nam
Wang Jianfeng

Independent non-executive Directors

Tai Kwok Leung, Alexander
Cheung Wai Bun, Charles, JP
Gu Yunchang

AUDIT COMMITTEE

Tai Kwok Leung, Alexander (*Chairman*)
Cheung Wai Bun, Charles, JP
Gu Yunchang

REMUNERATION COMMITTEE

Cheung Wai Bun, Charles, JP (*Chairman*)
Tai Kwok Leung, Alexander
Cheuk Hiu Nam

NOMINATION COMMITTEE

Shum Tin Ching (*Chairman*)
Cheung Wai Bun, Charles, JP
Gu Yunchang

JOINT COMPANY SECRETARIES*

Cheuk Hiu Nam
Lau Yee Wa (*appointed w.e.f. 10 June 2019*)

AUTHORISED REPRESENTATIVES*

Cheuk Hiu Nam
Lau Yee Wa (*appointed w.e.f. 10 June 2019*)

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS

As to Hong Kong law:
Mayer Brown

As to PRC law:
Jingtian & Gongcheng

As to Cayman Islands law:
Conyers Dill & Pearman

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
CMB Wing Lung Bank Limited
Nanyang Commercial Bank
Chong Hing Bank Limited
Shanghai Pudong Development Bank
Industrial and Commercial Bank of China Limited
Banco Tai Fung

REGISTERED OFFICE

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PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

HEADQUARTERS

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Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

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PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.jiayuanintl.com

STOCK CODE

2768

* Ms. Wong Tak Yee resigned as one of the joint company secretaries and an authorised representative of the Company with effect from 10 June 2019.

COMPANY PROFILE

ABOUT JIAYUAN

Jiayuan International Group Limited (the “Company” and together with its subsidiaries, collectively as the “Group”) (Stock Code: 2768) is an established property developer of large-scale residential and commercial complexes in various major cities in the People’s Republic of China (“PRC”). As at 30 June 2019, the total land bank of the Group was approximately 9.6 million sq.m.

With over 20 years of experience in property development, the Group develops property projects through comprehensive planning, meticulous quality control, sophisticated operating systems and experienced professional teams to meet the needs of different regions and strengthen the Group’s brand image. As of 30 June 2019, the Group has a portfolio of more than 47 property projects, covering the cities of Nanjing, Yangzhou, Changzhou, Nantong, Taizhou, Zhenjiang and Suzhou. Since 2016, the Group has taken the lead in entering Guangdong Hong Kong-Macao Greater Bay Area, and has successively obtained a number of quality projects in Shenzhen, Jiangmen and Macau. In 2018, it established a joint venture company in Hong Kong to formally enter the Hong Kong real estate market; and purchased the quality properties located in Shanghai from Mr. Shum Tin Ching (“Mr. Shum”), the chairman, the non-executive Director and the ultimate controlling shareholder of the Company, thus enhancing its brand influence in the Yangtze River Delta Region. In addition, the Group also succeeded in expanding its business coverage to key provincial capital cities, including Guiyang and Urumqi. The Group also ventured into countries and regions along the “Belt and Road” initiative, such as acquiring land parcels in Cambodia. In addition, the Group acquired a property management business and various projects located in major cities of Anhui Province from Mr. Shum, signifying a new era in the Group’s international development.

The Group’s residential and commercial complexes in cities with sizeable economies and populations have been or will be developed into mixed-use community centres. The Group strives to infuse the following key values into the developments:

- (i) Education value: The Group believes that education is of paramount importance to customers as parents. Therefore, the Group focuses on selecting locations with relatively mature school nets or introducing and assisting in the construction of famous schools in its projects;
- (ii) Leisure value: It is the Group’s practice to spare a large portion of its land for the construction of European-style or Chinese-style landmarks, such as theme parks and plazas, aiming at enhancing the general impression of the properties and bringing quality living experience to our residents; and
- (iii) Commercial value: The Group also develops community stores and shopping malls under its residential properties, providing a “one-stop” shopping experience to our customers and satisfying the daily needs of residents and citizens nearby.

FINANCIAL HIGHLIGHTS

- The Group's recognised revenue for the six months ended 30 June 2019 was approximately RMB5,304.0 million, representing an increase of approximately RMB890.3 million or 20.2% as compared to the corresponding period in 2018.
- Gross profit of the Group increased by approximately 27.1% to approximately RMB1,840.4 million and the gross profit margin was 34.7% for the six months ended 30 June 2019.
- Net profit of the Group for the six months ended 30 June 2019 amounted to approximately RMB1,173.6 million, representing an increase of approximately RMB140.8 million or 13.6% as compared to the corresponding period in 2018.
- Net gearing ratio of the Group⁽¹⁾ decreased significantly from approximately 159.3% as at 31 December 2018 to approximately 107.6% as at 30 June 2019.
- Core net profit of the Group for the six months ended 30 June 2019⁽²⁾ was approximately RMB1,061.3 million, representing an increase of approximately 22.7% as compared to the corresponding period in 2018.
- The Group's basic earnings per share was approximately RMB43.95 cents for the six months ended 30 June 2019, representing an increase of approximately 8.4% as compared with approximately RMB40.53 cents in the corresponding period in 2018.
- As at 30 June 2019, the Group had land reserves of approximately 9.6 million sq.m..
- On 26 April 2019, the Group entered into the sale and purchase agreement (as subsequently amended and supplemented) (the "Sale and Purchase Agreement") with Mr. Shum, the chairman, the non-executive Director and the ultimate controlling shareholder of the Company, pursuant to which the Group agreed to acquire the entire issued share capital of Huiyuan Investment Holdings Limited, which indirectly held property development projects located in the municipalities of Hefei, Maanshan and Bengbu of Anhui Province, the PRC, mainly consisting of large-scale residential complex projects and integrated commercial complex projects, as well as apartments, offices, shopping arcades, hotels and other supporting facilities, at a consideration of RMB4,155,168,787 (equivalent to approximately HK\$4,840,771,637), which was settled by the allotment and issue of the 1,377,959,475 consideration shares (the "Consideration Shares") by the Company to Mr. Shum or his nominee(s) at the issue price of HK\$3.513 per Consideration Share. This transaction was completed on 8 August 2019.
- The Group recorded unaudited contracted sales of approximately RMB8,722.6 million for the six months ended 30 June 2019 with a total sales area of approximately 687,198 sq.m., representing a period-on-period increase of approximately 18.6% and decrease of approximately 4.5%, respectively.

Note 1: Net gearing ratio was measured by net debt (bank and other borrowings and senior notes (including derivative financial instruments) net of bank balances and cash and pledged/restricted bank deposits) over the total equity.

Note 2: Core net profit of the Group for the six months ended 30 June 2019 and 30 June 2018 exclude changes in fair value of investment properties and their related deferred tax, foreign exchange differences, reversal of impairment losses on financial assets, fair value change on financial assets at fair value through profit or loss, fair value change on derivative financial instruments and loss on disposal of financial assets designated at fair value through profit or loss.



CHAIRMAN'S STATEMENT

Dear **Shareholders**,

Since 2019, China's economy grew steadily with changes. The economic and trade frictions between the United States and China, coupled with increasing uncertainties, exerted downward pressure on economy and employment. A series of control policies have been conducted in the real estate industry for its healthy development. "Stabilizing prices for land, houses and expectations" is the major keynote of the control policies, with a clear goal to restrain the increasing housing price.

Despite the foregoing, the Group is still fully confident in the markets in the mainland, Hong Kong and the surroundings of China. We believe that hopes can be found in difficult times, while opportunities come with challenges. We will proactively abide by the macro-control policies of the state as always and pay our effort in further realizing the healthy development of the real estate industry. With the release of the Opinion of the State Council of the CPC Central Committee on Supporting the Building of Shenzhen into a Pilot Demonstration Zone of Socialism with Chinese Characteristics (《中共中央國務院關於支持深圳建設中國特色社會主義先行示範區的意見》), for the strategic layout of the second half of the year, we will focus on the market foundation in mainland China to further expand the development in the Guangdong-Hong Kong-Macao Greater Bay Area, create values for customers and benefits for our Shareholders.

The Group achieved encouraging performance in terms of various operating indicators in the first half of the year, which exemplifies our strategic efforts of focusing on regional layout to achieve improvement and expansion. In the first half of the year, the Group mainly developed the existing projects properly and explored the existing cities in depth. As we further expand our new projects in Nanjing and Yangzhou of Jiangsu Province, we gained growing recognition and impacts in the local regions. In face of the turbulent market conditions at present, the Group was able to capture the opportunities brought by house purchasing needs in the second- and third-tier cities as a result of citizens locating outside of the first-tier cities, adopt flexible sales strategies, launch competitive products when appropriate, so as to ensure a stable growth in sales volume. In addition, we are also proactively mapping out the sales plans in multiple major cities in the second half of the year, fully confident in completing the yearly sales targets.

So far, the Group has achieved encouraging development in terms of land bank in the Pearl River Delta Economic Rim, the Guangdong-Hong Kong-Macao Greater Bay Area, the countries and regions along the "Belt and Road", and major provincial capital cities, signifying our progress towards "growing bigger and stronger".

OUTLOOK

Looking forward to 2019, we will continue to abide by our stabilisation and internationalisation development strategies, and adhere to our strategic goal of “growing bigger and stronger” with innovative mindsets, model and power. Capturing the present trends, adjusting land acquisition strategies in a timely manner and laying out valuable lands ahead, we will expand our market presence with courage. We will develop in depth, strengthen our foundations, comprehensively improve our professional levels and competitiveness in all aspects along the value chain of the real estate industry, as well as follow the growth strategies for sustainable development, thereby constantly creating benefits for our Shareholders.

Jiayuan International Group Limited
Shum Tin Ching
Chairman

Hong Kong, 26 August 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Market Review

In the first half of 2019, in light of the uncertainty of both within and outside the PRC, its economic performance maintained at a reasonable level and showed overall stable growth. A high level of policy coordination was achieved between the policies of both the Central Government and local governments (the “Local Governments”) of the PRC on the property market and also in terms of its supply and demand management. The Central Government made its timely remarks on the principle of “housing is for accommodation instead of speculation” at some key meetings, and Local Governments responded to latest market changes and adopted city-specific policies such as “one city one policy”, under which market performance remained stable.

Looking back in the first half of 2019, the real estate market in the PRC maintained a steady growth. According to the data from the National Bureau of Statistics, from January to June in 2019, the investment in national property development amounted to approximately RMB6,160.9 million, representing a period-on-period increase of approximately 10.9%. The sold area of commodity properties amounted to 75,786 million sq.m., representing a period-on-period decrease of 1.8%. The sales amount of commodity properties amounted to approximately RMB7,069.8 million, representing an increase of approximately 5.6%.

Results Performance

The Group deepened its region-focused development strategy and achieved significant growth in its key performance indicators. During the first half of 2019, the Group’s contracted sales of completed properties amounted to approximately RMB8,722.6 million, representing a substantial increase of approximately 18.6% as compared to the same period in 2018. Contracted sales area amounted to approximately 687,198 sq.m., representing a decrease of approximately 4.5% as compared to the same period in 2018. Revenue of the Group increased by approximately

20.2% to approximately RMB5,304.0 million as compared to the same period in 2018. Profit attributable to the owners of the Company increased by approximately 10.1% from approximately RMB1,022.1 million in the first half of 2018 to approximately RMB1,125.6 million in the first half of 2019. The Group’s basic earnings per share was approximately RMB43.95 cents for the six months ended 30 June 2019, representing an increase of approximately 8.4% as compared with approximately RMB40.53 cents in the corresponding period in 2018. As at 30 June 2019, the Group’s land bank reached approximately 9.6 million sq.m., and its property portfolio comprised 47 properties in various major cities in the PRC, consisting of 31 residential complexes and 16 commercial complexes covering Yangtze River Delta, city cluster in the Guangdong-Hong Kong-Macao Greater Bay Area, cities along the “Belt and Road” initiative and other key provincial capital cities.

During the first half of 2019, the Group acquired two premium projects at a low premium in Nanjing and Yangzhou through tender and bidding in the public market, and joint development. With respect to the introduction of further assets, acquisition by the Group of the property management business personally held by Mr. Shum, the chairman, the non-executive Director and the ultimate controlling shareholder of the Company, was completed in the first half of 2019, and the property development projects located in Anhui Province were injected by Mr. Shum to the Group so as to enhance profitability, which further expanded its business footprint in the city cluster in the Yangtze River Delta Economic Zone. In terms of regional development strategy, the Group will continue to strictly follow the “13th Five-Year Plan” of the PRC and maintain its focus on four main areas; namely, the Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta Economic Zone and key provincial capital cities, as well as cities along the “Belt and Road” initiative, with the aim of further development of large-scale residential and commercial complex projects, diversifying property projects and boosting land values.

The Group strongly believes that solid financial strengths are important pillars supporting its diversified business development. Therefore, the Group strove to speed up cash recovery from property sales and fortified its capital management ability. It also issued senior notes to optimise its debt structure during the current period, including the successful issue of US\$225,000,000 senior notes on 2 May 2019 and US\$225,000,000 senior notes on 11 July 2019, thereby further boosting the Group's financial liquidity. On 25 July 2019, the credit rating of the Group was upgraded to "B3" by Moody's Investors Service and was publicly rated "B" under Standard & Poor's long-term issuer credit rating for the first time. As at 30 June 2019, the net gearing ratio of the Group was 107.6%, representing a significant decrease of 51.7 percentage points compared with that as at 31 December 2018. As at 30 June 2019, the maturity profile of outstanding bank and other borrowings was further optimised. The short-term debt proportion based on maturity profile as a percentage of total debts (including bank and other borrowings, senior notes and derivative financial instruments) was lowered to approximately 30.3% as at 30 June 2019 from approximately 46.9% as at 31 December 2018, while the ratio of long- and short-term debts to total debts was approximately 7:3 as at 30 June 2019 (approximately 5:5 as at 31 December 2018).

Prospects

In the second half of 2019, under the backdrop of escalation of the US-China trade war, it is expected that the property control policies in the PRC will be aimed at maintaining stability, and the city-specific adjustment measures will still be the keynote of property control. Maintaining the stability of property market will still remain as the top priority of the Central Government in the second half of the year, which in turn is conducive to achieving long-term control objectives of stabilising land and housing prices, and maintaining market expectations. In view of the challenges and opportunities brought by the new trend in the property market, the Group will be committed to implementing steady financial policies and risk control measures, ensuring construction quality and safety, strengthening its contracted sales and receipt of sales proceeds and applying strict control over its various costs and expenses, so as to secure a stable operating cash flow as well as investment returns.

Further, the Group will replenish its premium land bank by adopting practical strategies to optimise the geographical layout of its projects and devise investment portfolios to suit the different urbanisation stages of the PRC with a view to capturing the different demands for the purchase of property in various local markets. In future, on a foundation of solid development, the Group will make flexible adjustments according to local market situations and achieve high quality and all-rounded development for continuous increase of profitability in order to maximise the value for our shareholders.

The following table sets out the breakdown of the Group's contracted sales, contracted total gross floor area ("GFA") and contracted average selling price ("ASP") by projects for the six months ended 30 June 2019 and 2018:

Project	Six months ended 30 June 2019			Six months ended 30 June 2018		
	Contracted Sales RMB (million) (unaudited)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)	Contracted sales RMB (million) (unaudited)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)
1. Taizhou Venice Metropolis 泰州威尼斯城	2,729.5	210,916	12,941	733.3	87,371	8,393
2. Suqian Paris Metropolis 宿遷巴黎都市	1,524.0	172,652	8,827	7.4	949	7,824
3. Nantong Jiayuan Metropolis 南通佳源都市	798.7	75,985	10,511	23.2	2,273	10,195
4. Nanjing Zijin Mansion 南京紫金華府	388.7	9,275	41,907	180.5	4,589	39,337
5. Yangzhou Centurial Honour Mansion 揚州世紀天城榮御府	202.0	17,294	11,682	1,000.7	110,822	9,030
6. Yangzhou Westmount Villa 揚州西峰玖墅	-	-	-	1,052.3	72,828	14,449
7. Yangzhou Jiayuan Centurial City 揚州佳源世紀天城	-	-	-	813.8	92,173	8,830
8. Zhenjiang Jiayuan Paris Metropolis 鎮江佳源巴黎都市	179.2	18,474	9,700	324.2	40,258	8,052
9. Yangzhou Jiayuan Yurun Guifu 揚州佳源雨潤桂府	-	-	-	959.0	77,635	12,353
10. Yangzhou Jiayuan Yurun Huafa 揚州佳源雨潤華府	290.1	20,701	14,010	593.5	53,441	11,105
11. Changzhou Ruiyuan Linyue Huayuan 常州睿源林悅花苑	426.9	22,682	18,821	-	-	-
12. Suqian The Bund Number One 宿遷外灘壹號	199.1	26,198	7,600	345.6	46,845	7,377
13. Suzhou Jiayuan Metropolis 蘇州佳源都市	-	-	-	776.0	46,669	16,627
14. Urumqi Metropolis 新疆佳源都市	428.7	38,530	11,126	-	-	-
15. Hong Kong projects 香港項目 (Note 1)	464.0	3,692	125,677	-	-	-
16. Shanghai projects 上海項目 (Note 2)	470.8	21,572	21,825	-	-	-
Others	620.9	49,227	12,693	547.3	83,563	6,550
Total	8,722.6	687,198	12,693	7,356.8	719,416	10,226

Note 1: Hong Kong projects include One Vista (San Hop Lane) and T-Plus

Note 2: Shanghai projects include Huijing Huating (上海•滙景華庭), Fengcheng Mingdu (上海•奉成名都) and Jiayuan Dream Square (佳源夢想廣場)

Property Projects

The Group retains the ownership of certain self-developed commercial properties to generate recurring income. As at 30 June 2019, the Group had investment properties with a total GFA of approximately 0.63 million sq.m.. Certain portions of these investment properties are located in the integrated commercial complexes developed by the Group, in which the Group will retain control over the central

management of the shopping arcades in order to enable the Group to select tenants and determine industry composition. The Group's operational model for such integrated commercial complexes is to sell all of the residential properties and 50% of the commercial properties; and retain the ownership of 50% of the commercial properties as investment properties.

Investment Properties

The following table sets out a summary of the Group's investment properties as at 30 June 2019:

Project	Total GFA Held for Investment (sq.m.)	Leased GFA (sq.m.)	Total Rental Income For the six months ended 30 June	
			2019 (RMB million) (unaudited)	2018 (RMB million) (unaudited)
Yangzhou				
1. Park Number One 公園一號	721	721	0.1	0.1
2. Jiayuan Centurial Garden 佳源世紀花園	8,653	8,653	0.5	1.4
3. Jiayuan Centurial Scenery Park 佳源世紀景園	915	–	–	–
4. Centurial Honour Mansion 世紀天城榮御府 (Note)	4,537	–	–	–
5. Jiayuan Centurial City 佳源世紀天城 (Note)	127,002	99,991	6.2	–
6. Jiayuan Yurun Guifu 佳源雨潤桂府	1,558	1,558	–	–
Taizhou				
7. Jiayuan Central Plaza 佳源中心廣場	47,567	47,567	0.6	0.9
8. Venice Metropolis 威尼斯城 (Note)	101,232	61,780	–	–
9. Jiayuan New World 新天地	25,191	25,191	1.7	1.7
10. Qiangxi Garden 羌溪花苑	2,772	2,772	0.3	0.3
11. Jiayuan Mingfu 佳源名府	14,275	14,275	1.3	1.3
12. Oriental Bright City 東方不夜城	34,419	34,419	2.9	2.9
13. Quexiandao Number One 鵲仙島一號	10,428	10,428	1.2	1.2
14. Guxi Jiayuan Central Plaza 古溪佳源中心廣場 (Note)	39,228	–	–	–
Suqian				
15. Rome Metropolis 羅馬都市	43,886	37,534	1.6	1.6
Changzhou				
16. Jiayuan Central Plaza 佳源中心廣場	49,777	49,777	2.3	2.2
Nanjing				
17. Zijin Mansion 紫金華府	55,289	55,289	–	–
18. Jiayuan Wuxing Plaza 佳源五星廣場 (Note)	20,000	–	–	–
Shanghai				
19. Jiayuan Dream Square 佳源夢想廣場 (Note)	21,260	21,260	19.0	18.4
20. Fengcheng Mingdu 奉城名都	13,621	13,621	6.4	5.4
21. Huijing Huating 匯景華庭	7,844	7,844	–	1.4
Total	630,175	492,680	44.1	38.8

Note: Part of the project is currently under construction.

Land Reserves

The following table sets out a summary of the Group's land reserves by projects as at 30 June 2019:

Project	Location	Status	Expected Completion Date	Project Type	Site Area (sq.m.)	Total GFA (sq.m.)	Ownership Interest %
Yangzhou							
1. Jiayuan Centurial City 佳源世紀天城	Jiangdu District, Yangzhou City, Jiangsu Province	Under development	2021 Q2	Mixed-use	214,260	420,315	100%
2. Centurial Honour Mansion 世紀天城榮御府	Jiangdu District, Yangzhou City, Jiangsu Province	Under development	2021 Q4	Mixed-use	167,826	478,272	100%
3. Jiayuan Westmount Villa 佳源西峰玖墅	Hanjiang District, Yangzhou City, Jiangsu Province	Under development	2020 Q2	Residential	143,822	140,951	70%
4. Jiayuan Centurial Villa 佳源世紀豪園	Jiangdu District, Yangzhou City, Jiangsu Province	Completed	–	Residential	391,088	1,803	100%
5. Jiayuan Centurial Garden 佳源世紀花園	Jiangdu District, Yangzhou City, Jiangsu Province	Completed	–	Residential	234,671	8,653	100%
6. Park Number One 公園一號	Guangling District, Yangzhou City, Jiangsu Province	Completed	–	Residential	75,591	721	100%
7. Jiayuan Centurial Scenery Park 佳源世紀景園	Jiangdu District, Yangzhou City, Jiangsu Province	Completed	–	Residential	60,972	915	100%
8. Jiayuan Yurun Guifu 佳源雨潤桂府	Guangling District, Yangzhou City, Jiangsu Province	Under development	2020 Q2	Residential	119,973	173,820	100%
9. Jiayuan Yurun Huafu 佳源雨潤華府	Guangling District, Yangzhou City, Jiangsu Province	Under development	2020 Q2	Residential	91,722	172,978	100%
10. Jiayuan Jiulong Bay 佳源玖壠灣	Guangling District, Yangzhou City, Jiangsu Province	Under development	2021 Q4	Mixed-use	49,676	155,027	100%
Nanjing							
11. Zijin Mansion 紫金華府	Xuanwu District, Nanjing City, Jiangsu Province	Under development	2019 Q4	Residential	339,008	91,948	100%
12. Jiayuan Wuxing Plaza 佳源五星廣場	Jiangbei new District, Nanjing City, Jiangsu Province	Under development	2022 Q3	Residential	58,609	678,977	51%

Project	Location	Status	Expected	Project Type	Site Area (sq.m.)	Total GFA (sq.m.)	Ownership
			Completion Date				Interest %
Taizhou							
13. Youyou Huafu 優優華府	Urban area of Taixing City, Taizhou City, Jiangsu Province	Under development	2022 Q4	Residential	56,910	141,645	100%
14. Venice Metropolis 威尼斯城	Urban area of Taixing City, Taizhou City, Jiangsu Province	Under development	2022 Q3	Residential	660,576	667,151	100%
15. Taixing Jiayuan Central Plaza 泰興佳源中心廣場	Huangqiao Town, Taixing City, Jiangsu Province	Completed	–	Mixed-use	81,887	7,181	100%
16. Jiayuan Mingfu 佳源名府	Huangqiao Town, Taixing City, Jiangsu Province	Under development	2019 Q4	Mixed-use	42,054	13,483	100%
17. Jiayuan New World 新天地	Taixing City, Taizhou City, Jiangsu Province	Completed	–	Mixed-use	190,802	91,952	100%
18. Qiangxi Garden 羌溪花苑	Taixing City, Taizhou City, Jiangsu Province	Completed	–	Residential	69,486	5,846	100%
19. Guxi Jiayuan Central Plaza 古溪佳源中心廣場	Guxi Town, Taixing City, Jiangsu Province	Completed	–	Mixed-use	83,048	98,505	100%
20. Oriental Bright City 東方不夜城	Jiangyan District, Taizhou City, Jiangsu Province	Completed	–	Residential	77,021	34,419	100%
21. Oriental Paris City 東方巴黎城	Jiangyan District, Taizhou City, Jiangsu Province	Under development	2019 Q4	Residential	231,702	33,033	100%
22. Quexiandao Number One 鵲仙島一號	Jiangyan Qinhu scenic area, Taizhou City, Jiangsu Province	Completed	–	Residential	68,330	10,028	100%
23. Jiayuan Central Plaza 佳源中心廣場	Qintong Town, Taizhou City, Jiangsu Province	Under development	2019 Q4	Mixed-use	15,702	15,702	100%
Suzhou							
24. Jiayuan Metropolis 佳源都市	Taicang County, Suzhou City, Jiangsu Province	Under development	2020 Q4	Residential	52,988	128,360	100%
Suqian							
25. Elite International Garden 名人國際花園	Sucheng District, Suqian City, Jiangsu Province	Completed	–	Residential	53,970	389	90%
26. Park Number One 公園一號	Sucheng District, Suqian City, Jiangsu Province	Completed	–	Residential	126,183	30,054	90%
27. Paris Metropolis 巴黎都市	Siyang County, Suqian City, Jiangsu Province	Under development	2023 Q4	Residential	220,520	538,373	90%
28. Rome Metropolis 羅馬都市	Siyang County, Suqian City, Jiangsu Province	Under development	2020 Q4	Residential	302,505	676,466	100%
29. The Bund Number One 外灘一號	Siyang County, Suqian City, Jiangsu Province	Under development	2021 Q2	Residential	83,991	218,245	100%

Project	Location	Status	Expected Completion Date	Project Type	Site Area (sq.m.)	Total GFA (sq.m.)	Ownership Interest %
Changzhou							
30. Jiayuan Central Plaza 佳源中心廣場	Xueyan Town, Changzhou City, Jiangsu Province	Completed	–	Mixed-use	58,601	50,508	100%
31. Junchen Fu 君宸府	Tianning District, Changzhou City, Jiangsu Province	Proposed for development	2020 Q4	Residential	26,768	77,075	50.5%
32. Yuefu 悅府	Xinbei New District, Changzhou City, Jiangsu Province	Under development	2020 Q2	Residential	17,996	47,692	100%
Nantong							
33. Jiayuan Metropolis 佳源都市	Tongzhou District, Nantong City, Jiangsu Province	Under development	2021 Q2	Residential	198,434	421,500	100%
Zhenjiang							
34. Jiayuan Paris Metropolis 佳源巴黎都市	Runzhou District, Zhenjiang City, Jiangsu Province	Under development	2020 Q2	Residential	119,607	126,277	100%
Shenzhen							
35. Shenzhen Dingxi 深圳鼎曦	Luohu District, Shenzhen, Guangdong Province	Proposed for development	2022 Q2	Mixed-use	4,940	41,140	100%
36. Shenzhen Songling 深圳松齡	Poan District, Shenzhen, Guangdong Province	Proposed for development	2020 Q2	Mixed-use	4,281	38,100	100%
Macau							
37. Macau Taipa 澳門氹仔	Taipa District, Macau	Proposed for development	2022 Q4	Residential	5,597	60,969	100%
Jiangmen							
38. Jiayuan Didu Hot Spring 佳源帝都溫泉山莊	Enping County, Jiangmen City, Guangdong Province	Proposed for development	2022 Q4	Residential	593,637	1,180,000	90%
Cambodia							
39. Cambodia, Phnom Penh 柬埔寨金邊	Chroy Changvar District, Phnom Penh, Cambodia	Proposed for development	2022 Q4	Residential	608,140	608,140	100%
Urumqi							
40. Jiayuan Metropolis 佳源都市	Economic and Technological Development District, Urumqi City, Xinjiang	Under development	2021 Q4	Residential	74,000	344,120	90%

Project	Location	Status	Expected Completion Date	Project Type	Site Area (sq.m.)	Total GFA (sq.m.)	Ownership Interest %
Guiyang							
41. Heng Feng Jia Yuan 恒豐佳源 (Note)	Nanming District, Guiyang City, Guizhou Province	Proposed for development	2023 Q1	Residential	120,000	856,375	61%
Hong Kong							
42. One Vista (San Hop Lane) 匯賢一號 (新合里)	Nos.1 and 3 San Hop Lane, Tuen Mun, New Territories, Hong Kong	Under development	2019 Q3	Mixed-use	1,793	29,925	70.1%
43. Success Centre 成功中心	Nos. 26–38 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong	Under development	2020 Q2	Mixed-use	1,394	22,205	70.1%
44. T-plus 菁雋	Tseng Choi Street, Area 4, Tuen Mun, New Territories, Hong Kong	Under development	2020 Q3	Residential	2,202	21,147	70.1%
Shanghai							
45. Fengcheng Mingdu 奉城名都	Fengxian District, Shanghai	Completed	–	Mixed-use	8,442	68,892	90.0%
46. Huijing Huating 匯景華庭	Fengxian District, Shanghai	Completed	–	Mixed-use	5,162	90,723	90.0%
47. Jiayuan Dream Square 佳源夢想廣場	Fengxian District, Shanghai	Under development	2022 Q4	Mixed-use	31,528	433,654	90.0%
Total					6,247,415	9,553,654	

Note: The target land is still being acquired and the relevant land use right certificate has not been obtained.

FINANCIAL REVIEW

Operating Results

Revenue

Revenue of the Group mainly consists of revenue derived from (i) property development, (ii) property investment and (iii) property management. For the six months ended 30 June 2019, revenue of the Group amounted to approximately RMB5,304.0 million, representing an increase of approximately 20.2% from approximately RMB4,413.7 million in the corresponding period in 2018. Profit for the period attributable to the owners of the Company for the six months ended 30 June 2019 was approximately RMB1,125.6 million, representing an increase of approximately 10.1% from approximately RMB1,022.1 million as compared to the corresponding period in 2018.

Property Development

The Group's revenue from property development included the sale of residential and commercial properties. The Group recognised revenue from the sale of properties when the significant risks and rewards of ownership have been transferred to the purchaser, i.e. when the relevant property has been completed and the possession of the property has been delivered to the purchaser. Revenue derived from property development increased by approximately 20.8% to approximately RMB5,065.6 million for the six months ended 30 June 2019 from approximately RMB4,194.6 million for the six months ended 30 June 2018. The increase was mainly due to the delivery of properties pre-sold under Jiayuan Westmount Villa and Jiayuan Yurun Guifu in Yangzhou and Jiayuan Paris Metropolis in Zhenjiang upon its completion in the first half of 2019.

Property Investment

The Group's property investment mainly consisted of leasing of commercial properties (including predominantly shopping arcades, retail shops, office properties and carparks). Revenue generated from property investment increased by approximately 197.3% to approximately RMB48.4 million for the six months ended 30 June 2019 from approximately RMB16.3 million for the six months ended 30 June 2018. The increase was primarily due to an increase of monthly rental income generated from leasing contracts of the property investments during the period.

Property Management

On 21 January 2019, the Group completed the acquisition of the entire equity interest in Chuangyuan Holdings Limited (together with its subsidiaries, the "Chuangyuan Group"), which is engaged in the property management business in the PRC. Property management became a new operating segment of the Group during the six months ended 30 June 2019.

The Group's revenue from property management primarily includes (i) post-delivery property management services such as security, repair and maintenance, cleaning and garden landscape maintenance provided to property owners, residents and tenants of residential communities and commercial properties; and (ii) pre-delivery property management services including on-site security, cleaning, greening and gardening as well as customer service and other ancillary services provided to property developers prior to the establishment of an owners' committee.

Revenue generated from property management increased by approximately 34.5% to approximately RMB190.0 million for the six months ended 30 June 2019 from approximately RMB141.3 million for the six months ended 30 June 2018. The increase was in line with the expansion of the operation of the property management business.

Others

The amount of RMB61.5 million recorded in the six months ended 30 June 2018 represented the revenue generated from the disposal of certain subsidiaries of Chuangyuan Group conducting sales and installation services of software and system equipment, which was part of the reorganisation of Chuangyuan Group that was completed before the completion of its acquisition by the Group on 21 January 2019.

Gross Profit and Margin

Gross profit increased by approximately 27.1% to approximately RMB1,840.4 million for the six months ended 30 June 2019 from approximately RMB1,448.1 million in the corresponding period in 2018. The Group's gross profit margin increased to 34.7% for the six months ended 30 June 2019 as compared to the gross profit margin of 32.8% in the corresponding period in 2018. The increase in gross profit margin was due to delivery of projects including Jiayuan Westmount Villa and Jiayuan Yurun Guifu in Yangzhou which contributed comparatively higher gross profit margins to the Group for the six months ended 30 June 2019.

Other Income, Gains and Losses

The Group had other income of approximately RMB134.5 million and other gains and losses of approximately RMB54.7 million for the six months ended 30 June 2019, totalling approximately RMB189.2 million at a gain. The Group had other income of approximately RMB96.5 million and other losses of approximately RMB204.4 million for the six months ended 30 June 2018, totalling approximately RMB107.9 million at a loss. The significant change of other income, gains and losses was mainly attributable to foreign exchange gain of approximately RMB58.7 million for the six months ended 30 June 2019, as a result of realised exchange gain from respective redemptions of USD denominated senior notes. The foreign exchange loss of approximately RMB204.4 million for the six months ended 30 June 2018 was led by the appreciation of the USD denominated senior notes.

Change in Fair Value of Investment Properties

The Group's change in fair value of investment properties decreased to approximately RMB156.6 million for the six months ended 30 June 2019 from approximately RMB470.0 million for the six months ended 30 June 2018. The fair value gain of investment properties during the six months ended 30 June 2019 was mainly derived from the investment properties located in Nanjing and Yangzhou.

Distribution and Selling Expenses

The distribution and selling expenses decreased to approximately RMB75.0 million for the six months ended 30 June 2019 from approximately RMB102.7 million for the six months ended 30 June 2018. The decrease by approximately 26.9% was mainly attributable to a decrease in sales commission paid to property agents as a result of increased direct sales conducted with customers.

Administrative Expenses

The Group's administrative expenses increased by approximately 10.4% to approximately RMB134.9 million for the six months ended 30 June 2019 from approximately RMB122.2 million for the six months ended 30 June 2018, which was mainly attributable to the increase of staff salaries and allowances resulting from the expansion of operation scale of the Group.

Finance Costs

The Group's finance costs decreased to approximately RMB39.1 million for the six months ended 30 June 2019 from approximately RMB67.3 million for the six months ended 30 June 2018. The decrease in finance cost of approximately 41.9% was attributable to the decrease in senior notes issued as well as the decrease of the average borrowing rate of bank and other borrowings for the six months ended 30 June 2019.

Income Tax Expense

The Group's income tax expense increased to approximately RMB700.9 million for the six months ended 30 June 2019 from approximately RMB500.4 million for the six months ended 30 June 2018. The Group's income tax expense included payments and provisions made for EIT and LAT less deferred taxation during the period. The increase by approximately 40.1% was due to the increase in EIT and LAT and the effect was partially offset by the decrease in deferred tax expense for the six months ended 30 June 2019.

Profit and Total Comprehensive Income Attributable to Owners of the Company

Profit and total comprehensive income attributable to owners of the Company increased by approximately 10.2% to approximately RMB1,128.1 million for the six months ended 30 June 2019 from approximately RMB1,024.1 million for the six months ended 30 June 2018 which was in line with the expansion of the Group's operation in 2019.

Liquidity, Financial and Capital Resources

Cash Position

As at 30 June 2019, the Group had an aggregate of pledged/restricted bank deposits and bank balances and cash of approximately RMB5,727.5 million (as at 31 December 2018: approximately RMB5,367.2 million), representing an increase of approximately 6.7% as compared to that as at 31 December 2018. As at 30 June 2019, restricted/pledged bank deposits of approximately RMB1,678.5 million (as at 31 December 2018: approximately RMB1,427.1 million) were restricted for use in specific property development projects or pledged to secure bank borrowings raised by the Group.

Borrowings and the Group's Pledged Assets

As at 30 June 2019, the Group had bank and other borrowings of approximately RMB12,111.1 million (as at 31 December 2018: approximately RMB12,575.1 million). Amongst the borrowings, approximately RMB4,812.6 million (as at 31 December 2018: approximately RMB4,801.3 million) will be repayable within one year and approximately RMB7,298.5 million (as at 31 December 2018: approximately RMB7,773.8 million) will be repayable after one year.

As at 30 June 2019, bank and other borrowings of approximately RMB12,111.1 million (as at 31 December 2018: approximately RMB12,575.1 million) were secured by bank balances, land use rights and properties of the Group. As at 30 June 2019, the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB19,512 million (as at 31 December 2018: approximately RMB15,705 million).

Senior Notes

In April 2017, the Company issued senior secured notes with a principal amount of US\$50,000,000 due in 2019 (the "April 2019 Senior Notes"). The April 2019 Senior Notes, bearing interest at a fixed rate of 8.5% per annum with interest payable quarterly in arrears, matured in April 2019. In April 2019, the Company repaid in full all the outstanding principal and interest.

In May 2017, the Company issued senior secured notes with a principal amount of US\$50,000,000 due in 2019 (the "May 2019 Senior Notes"). The May 2019 Senior Notes, bearing interest at a fixed rate of 8.5% per annum with interest payable quarterly in arrears, matured in May 2019. In May 2019, the Company repaid in full all the outstanding principal and interest.

In January 2018, the Company issued senior secured notes with a principal amount of US\$250,000,000 due in January 2019 (the "January 2019 Senior Notes I") which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock Code: 5088). The January 2019 Senior Notes I, bearing interest at a fixed rate of 8.125% per annum with interest payable semi-annually in arrears, matured in January 2019. In January 2019, the Company repaid in full all the outstanding principal and interest.

In April 2018, the Company issued senior secured notes with a principal amount of US\$100,000,000 due in January 2019 (to be consolidated with and form a single series with January 2019 Senior Notes I (the "January 2019 Senior Notes II") which are listed on the Stock Exchange (Stock Code: 5088). The January 2019 Senior Notes II, bearing interest at a fixed rate of 8.125% per annum with interest payable semi-annually in arrears, matured in January 2019. In January 2019, the Company repaid in full all the outstanding principal and interest.

In October 2018, the Company issued senior secured notes with a principal amount of US\$160,000,000 due in October 2019 (the “October 2019 Senior Notes”) (in exchange for the US\$160,000,000 8.0% senior secured notes due 2018) which are listed on the Frankfurt Stock Exchange. The October 2019 Senior Notes, bearing interest at a fixed rate of 10% per annum with interest payable semi-annually in arrears, will mature in October 2019, but have been repaid in full, including all outstanding principal and interest, during the six months ended 30 June 2019.

In October 2018, the Company issued senior secured notes with a principal amount of US\$225,000,000 due in October 2020 (the “October 2020 Senior Notes I”) which are listed on the Stock Exchange (Stock Code: 5190). The October 2020 Senior Notes I, bearing interest at a fixed rate of 12% per annum with interest payable semi-annually in arrears, will mature in October 2020.

In November 2018, the Company issued senior secured notes with a principal amount of US\$70,000,000 due in October 2020 (to be consolidated with and form a single series with October 2020 Senior Notes I (the “October 2020 Senior Notes II”) which are listed on the Stock Exchange (Stock Code: 5190). The October 2020 Senior Notes II, bearing interest at a fixed rate of 12% per annum with interest payable semi-annually in arrears, will mature in October 2020.

In December 2018, the Company issued senior secured notes with a principal amount of US\$80,000,000 due in October 2020 (to be consolidated with and form a single series with October 2020 Senior Notes II) (the “October 2020 Senior Notes III”) which are listed on the Stock Exchange (Stock Code: 5190). The October 2020 Senior Notes III, bearing interest at a fixed rate of 12% per annum with interest payable semi-annually in arrears, will mature in October 2020.

In December 2018, the Company issued senior secured notes with a principal amount of US\$25,000,000 due in October 2020 (to be consolidated with and form a single series with October 2020 Senior Notes III (the “October 2020 Senior Notes IV”) which are listed on the Stock Exchange (Stock Code: 5190). The October 2020 Senior Notes IV, bearing interest at a fixed rate of 12% per annum with interest payable semi-annually in arrears, will mature in October 2020.

In May 2019, the Company issued senior secured notes with a principal amount of US\$225,000,000 due in May 2022 (the “May 2022 Senior Notes”) (in exchange for the October 2019 Senior Notes) which are listed on the Frankfurt Stock Exchange. The May 2022 Senior Notes, bearing interest at a fixed rate of 11.375% per annum with interest payable semi-annually in arrears, will mature in May 2022.

Net Gearing Ratio

The net gearing ratio of the Group improved significantly as at 30 June 2019. The net gearing ratio of the Group dropped significantly to approximately 107.6% as at 30 June 2019 from approximately 159.3% as at 31 December 2018. The net gearing ratio was measured by net debt (bank and other borrowings and senior notes (including derivative financial instruments) net of bank balances and cash and pledged/restricted bank deposits) over the total equity.

Exchange Rate Risk

The Group mainly operates its business in the PRC. It is primarily exposed to the foreign exchange exposure with respect to assets and liabilities denominated in United States dollar, Hong Kong dollar and Australian dollar. Foreign exchange risk arises from bank deposits, loans receivables, financial assets at fair value through profit or loss, bank and other borrowings and senior notes. The Group monitors the exchange rate risk regularly and will enter into foreign exchange hedging arrangement when necessary.

Commitments

As at 30 June 2019, the Group had committed payment for construction and land development expenditures in the amount of approximately RMB6,570.0 million (as at 31 December 2018: approximately RMB6,126.6 million).

Contingent Liabilities

As at 30 June 2019, the Group had provided guarantees amounting to approximately RMB7,672.7 million (as at 31 December 2018: approximately RMB6,358.6 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default on the mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal title of the related properties. However, the guarantee will be released upon the purchaser obtaining the relevant building ownership certificate and completion of the relevant mortgage registration. In the opinion of the Directors, no provision for the guarantee contracts was recognised in the financial statements for the six months ended 30 June 2019 as the possibility of default by the purchasers of the Group's properties is remote.

Material Acquisitions and Disposals

The Group did not have any material acquisitions and disposals during the six months ended 30 June 2019.

Events after the end of the reporting period

On 26 April 2019, the Group entered into the sale and purchase agreement (as subsequently amended and supplemented) (the "Sale and Purchase Agreement") with Mr. Shum, the chairman, the non-executive Director and the ultimate controlling shareholder of the Company, pursuant to which the Group agreed to acquire the entire issued share capital of Huiyuan Investment Holdings Limited, which indirectly held property development projects located in the municipalities of Hefei, Maanshan and Bengbu of Anhui Province, the PRC, mainly consisting of large-scale residential complex projects and integrated commercial complex projects, as well as apartments, offices, shopping arcades, hotels and other supporting facilities, at a consideration of RMB4,155,168,787 (equivalent to approximately HK\$4,840,771,637), which was settled by the allotment and issue of the 1,377,959,475 consideration shares (the "Consideration Shares") by the Company to Mr. Shum or his nominee(s) at the issue price of HK\$3.513 per Consideration

Share. This transaction was completed on 8 August 2019. Please refer to the Company's announcements dated 26 April 2019, 24 June 2019 and 8 August 2019, and the circular dated 25 June 2019 for further details.

In July 2019, the Company issued senior notes with a principal amount of US\$225,000,000 due in March 2022 (the "March 2022 Senior Notes") (a portion of which amounted to US\$174,671,000 was used to exchange for a portion of October 2020 Senior Notes IV) ("the Exchanged Notes") which are listed on the Stock Exchange (Stock Code: 4418). The March 2022 Senior Notes, bearing interest at a fixed rate of 13.75% per annum with interest payable semi-annually in arrears, will mature in March 2022. All of the Exchanged Notes in the principal amount of US\$174,671,000 were cancelled and the remaining outstanding aggregate principal amount of the four tranches October 2020 Senior Notes after such cancellation is US\$225,329,000.

Future Plans for Material Investments

The Group will continue to invest in its property development projects and acquire suitable land parcels in selected cities, if it thinks fit. These investments will be funded by internal resources and external borrowings. Save as disclosed above, the Group does not have any future plans for material investments as at the date of this interim report.

Employees, Remuneration Policies and Share Option Scheme

As at 30 June 2019, the Group had 5,769 employees (as at 30 June 2018: 3,647 employees). For the six months ended 30 June 2019, the Group incurred employee costs of approximately RMB171.5 million (for the six months ended 30 June 2018: approximately RMB103.3 million). Remuneration for the employees generally includes salary and performance-based bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans, including pension insurance, medical insurance and personal injury insurance. The Company adopted a share option scheme on 12 February 2016 as incentive for eligible employees.

Use of Proceeds

The following table sets out the utilisation and breakdown of the actual use of the net proceeds for the Group's first placing and subscription which was announced on 6 June 2017 (the "First Placing and Subscription") and second placing and subscription which was announced on 18 December 2017 (the "Second Placing and Subscription"), respectively, as at 30 June 2019:

Date of announcement	Fund raising activity	Date of completion	Net proceeds raised	Intended use of the net proceeds as disclosed in the announcement	Actual use of the net proceeds as of 26 March 2019 (being the date of the 2018 Annual Report)	Actual utilisation as at 30 June 2019
6 June 2017	First Placing and Subscription	9 June 2017 and 19 June 2017	Approximately HK\$1,166.5 million	Acquisition of land bank and general working capital.	Approximately HK\$1,166.5 million was used for acquisition of land bank, namely, the Macau Land as disclosed in the announcement of the Company dated 6 September 2017.	All net proceeds were utilised in accordance with the intended uses of the net proceeds as disclosed in the announcement of 6 June 2017.
18 December 2017	Second Placing and Subscription	27 December 2017 and 28 December 2017	Approximately HK\$1,399.8 million	Acquisition of land bank and general working capital.	<p>Approximately HK\$111.1 million was used for acquisition of land bank, namely, a parcel of land in Jiangmen, PRC in March 2018.</p> <p>Approximately HK\$67.8 million was used for interest payments by the Group in respect of its bank borrowings and debt securities.</p> <p>Approximately HK\$4.6 million was used as general working capital of the Group.</p> <p>Approximately HK\$1,216.3 million remained unutilised (the "Unutilised Portions"), which was placed with licensed banks in Hong Kong.</p>	<p>The Unutilised Portions in the amount of approximately HK\$1,216.3 million were used subsequent to 27 March 2018 in the following manners:</p> <p>Approximately HK\$601.2 million was used for acquisition of land bank in Hong Kong, as disclosed in the announcement of the Company dated 24 May 2018.</p> <p>Approximately HK\$279.3 million was used for acquisition of land bank, namely, parcels of land in Cambodia, as disclosed in the announcement of the Company dated 10 May 2018.</p> <p>Approximately HK\$122.7 million was used for acquisition of land bank, namely, a parcel of land in Jiangmen, PRC in March 2018.</p>

Date of announcement	Fund raising activity	Date of completion	Net proceeds raised	Intended use of the net proceeds as disclosed in the announcement	Actual use of the net proceeds as of 26 March 2019 (being the date of the 2018 Annual Report)	Actual utilisation as at 30 June 2019
						<p>Approximately HK\$156.0 million was used for interest payments by the Group in respect of its bank borrowings and debt securities</p> <p>Approximately HK\$57.1 million was used for capital contribution to the Group's PRC companies as investment or further investment.</p> <p>All net proceeds were utilised in accordance with the intended uses of the net proceeds as disclosed in the announcement of 18 December 2017.</p>



OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of its shareholders and to enhance its corporate value and accountability. The Board is committed to achieving high corporate governance standards.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as the basis of the Company’s corporate governance practices.

The Company has complied with all the code provisions as set out in the CG Code for the six months ended 30 June 2019.

The Directors will use their best endeavors to procure the Company to continue to comply with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions by directors and employees who are likely to be in possession of unpublished inside information of the Company (the “Code of Conduct”) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules.

The Company, after making specific inquiries to all Directors, confirmed that all of them have complied with the required standards in the Model Code and the Code of Conduct throughout the six months ended 30 June 2019.

No incident of non-compliance with the Code of Conduct by the Group’s employees was noted by the Company during the six months ended 30 June 2019. In case when the Company is aware of any restricted period for dealings in the Company’s securities, the Company will notify its Directors and employees in advance.

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors since the date of 2018 annual report up to the date of this interim report are set out below:

Mr. Tai Kwok Leung, Alexander has ceased to be an independent non-executive director, the chairman of the remuneration and nomination committee and a member of the audit committee of Anhui Conch Cement Company Limited (Stock Code: 914) (listed on the Main Board of the Stock Exchange) with effect from 30 May 2019.

Mr. Gu Yunchang has ceased to be an independent non-executive director of Zhejiang Yasha Decoration Co., Ltd. (Stock Code: 2375) (listed on the Shenzhen Stock Exchange) with effect from 17 May 2019.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW OF CONSOLIDATED FINANCIAL INFORMATION

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited consolidated interim results of the Group for the six months ended 30 June 2019.

INTERIM DIVIDEND

No interim dividend was proposed by the Board for the six months ended 30 June 2019 (for the six months ended 30 June 2018: HK10 cents per share).

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 12 February 2016 (the "Share Option Scheme"). The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined below) have had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivating the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

Pursuant to the Share Option Scheme, the Directors may, at their absolute discretion, offer to grant an option to subscribe for ordinary shares with a par value of HK\$0.01 each (the "Shares") of the Company subject to such conditions (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before an option can be exercised) as they may think fit, to the following persons (the "Eligible Participants"): (a) any full-time or part-time employees, executives or officers of the Company; (b) any director (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries; (c) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and (d) such other persons who, in the sole opinion of the Directors, will contribute or have contributed to the Group.

A consideration of HK\$1.00 is payable on acceptance of the offer of grant of an option.

The maximum number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Company) to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 180,000,000 Shares, being 10% of the Shares in issue as at 8 March 2016, the date of the Company's Shares being listed on the Main Board of the Stock Exchange (the "Listing Date"). No share options had been granted by the Company under the Share Option Scheme up to 30 June 2019. Therefore, the number of Shares available for issue is 180,000,000 Shares, being approximately 4.56% of the Shares in issue as at the date of this interim report.

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of options in excess of the 1% limit shall be subject to shareholders' approval in general meeting with such participant and his associates abstaining from voting.

The subscription price per Share under the Share Option Scheme shall be a price determined by the Directors, but shall not be lower than the higher of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a trading day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (c) the nominal value of a Share.

The Share Option Scheme will remain in force for a period of 10 years from the Listing Date. The period during which an option may be exercised will be determined by the Directors in their absolute discretion, save that no option shall be exercised later than 10 years from the date of grant.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES

As at 30 June 2019, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Interest in Shares of the Company

Name of Director	Nature of interest	Number of Shares or securities held ⁽¹⁾	Percentage of interest in the Company ⁽⁵⁾
Mr. Shum Tin Ching	Interest of a controlled corporation	1,334,284,849 ⁽²⁾ Shares (L)	52.10%
	Beneficial owner	1,397,525,875 ⁽³⁾ Shares (L)	54.57%
	Interest of a controlled corporation	600,000,000 ^{(2), (4)} Shares (S)	23.43%

Notes:

- The letters "L" and "S" denote the Director's long position and short position in the shares of the Company respectively.
- The disclosed interest represents the interest in the Company held by Mingyuan Group Investment Limited ("Mingyuan Investment"), which is wholly-owned by Mr. Shum. Therefore, Mr. Shum is deemed to be interested in Mingyuan Investment's interest in the Company by virtue of the SFO.
- The disclosed interest represents interest in (i) 1,377,959,475 Consideration Shares to be allotted and issued by the Company to Mr. Shum or his nominee(s) under the Sale and Purchase Agreement (as subsequently amended and supplemented) entered between Mr. Shum and the Company on 26 April 2019; and (ii) 19,566,400 Shares wholly owned by Mr. Shum as a beneficial owner.
- On 29 June 2017, Mingyuan Investment entered into a share mortgage agreement with CCB International Overseas Limited, pursuant to which, Mingyuan Investment agreed to pledge 600,000,000 Shares out of 1,350,000,000 Shares held by it in favour of CCB International Overseas Limited as one of the collaterals for a secured note issued by a company wholly owned by Mr. Shum to CCB International Overseas Limited.
- As at 30 June 2019, the total number of issued shares of the Company was 2,561,151,991.

(b) Interest in shares of Mingyuan Investment

Name of Director	Nature of interest	Number of shares or securities held ⁽¹⁾	Percentage of shareholding
Mr. Shum Tin Ching	Beneficial owner	150,000 shares (L)	100%

Note:

- The letter "L" denotes the Director's long position in the shares of Mingyuan Investment.

Save as disclosed above, as at 30 June 2019, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES

So far as the Directors are aware as of 30 June 2019, the following persons (other than the Directors or the chief executive of the Company) had the following Interests or short positions in the Shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Substantial Shareholder	Nature of interest	Number of Shares or securities held ⁽¹⁾	Percentage of interest in the Company ⁽⁸⁾
Ms. Wang Xinmei ⁽²⁾	Interest of spouse	2,731,810,724 Shares (L)	106.66%
	Interest of spouse	600,000,000 ⁽⁴⁾ Shares (S)	23.43%
Mingyuan Investment ⁽³⁾	Beneficial owner	1,334,284,849 Shares (L)	52.10%
	Beneficial owner	600,000,000 ⁽⁴⁾ Shares (S)	23.43%
CCB International Overseas Limited ^{(5),(7)}	Person having a security interest in shares	600,000,000 ⁽⁴⁾ Shares (L)	23.43%
Design Time Limited ⁽⁶⁾	Beneficial owner	19,200,000 Shares (L)	0.75%
CCBI Investments Limited ⁽⁶⁾	Interest of a controlled corporation	19,200,000 Shares (L)	0.75%
CCB International (Holdings) Limited ^{(5),(6),(7)}	Person having a security interest in shares	600,000,000 ⁽⁴⁾ Shares (L)	23.43%
	Interest of a controlled corporation	19,200,000 Shares (L)	0.75%
CCB Financial Holdings Limited ^{(5),(6),(7)}	Person having a security interest in shares	600,000,000 ⁽⁴⁾ Shares (L)	23.43%
	Interest of a controlled corporation	19,200,000 Shares (L)	0.75%
CCB International Group Holdings Limited ^{(5),(6),(7)}	Person having a security interest in shares	600,000,000 ⁽⁴⁾ Shares (L)	23.43%
	Interest of a controlled corporation	19,200,000 Shares (L)	0.75%
China Construction Bank Corporation ^{(5),(6),(7)}	Person having a security interest in shares	600,000,000 ⁽⁴⁾ Shares (L)	23.43%
	Interest of a controlled corporation	19,200,000 Shares (L)	0.75%
Central Huijin Investment Ltd. ^{(5),(6),(7)}	Person having a security interest in shares	600,000,000 ⁽⁴⁾ Shares (L)	23.43%
	Interest of a controlled corporation	19,200,000 Shares (L)	0.75%

Notes:

- (1) The letters “L” and “S” denote a person’s/an entity’s long position and short position in the shares of the Company respectively.
- (2) Ms. Wang Xinmei, the spouse of Mr. Shum, is deemed to be interested in Mr. Shum’s interest in the Company.
- (3) These shares are held by Mingyuan Investment, which is wholly-owned by Mr. Shum.
- (4) On 29 June 2017, Mingyuan Investment entered into a share mortgage agreement with CCB International Overseas Limited, pursuant to which, Mingyuan Investment agreed to pledge 600,000,000 shares out of 1,350,000,000 shares held by it in favour of CCB International Overseas Limited as one of the collaterals for a secured note issued by a company wholly owned by Mr. Shum to CCB International Overseas Limited.
- (5) Based on the public records, these security interest in shares are held by CCB International Overseas Limited, which is a wholly-owned subsidiary of CCB International (Holdings) Limited.
- (6) Design Time Limited is a wholly-owned subsidiary of CCBI Investments Limited, which is a wholly-owned subsidiary of CCB International (Holdings) Limited.
- (7) CCB International (Holdings) Limited is a wholly-owned subsidiary of CCB Financial Holdings Limited, which is in turn a wholly-owned subsidiary of CCB International Group Holdings Limited. CCB International Group Holdings Limited is a wholly-owned subsidiary of China Construction Bank Corporation, which is owned as to 57.11% by Central Huijin Investment Ltd..
- (8) As at 30 June 2019, the total number of issued shares of the Company was 2,561,151,991.

Save as disclosed above, as at 30 June 2019, the Directors were not aware of any person who had an interest or short position in the Shares and the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended 30 June 2019

	NOTES	Six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited and restated)
Revenue	3	5,303,985	4,413,690
Cost of sales	8	(3,463,539)	(2,965,636)
Gross profit		1,840,446	1,448,054
Other income	5	134,500	96,523
Other gains and losses	5	54,727	(204,421)
Reversal of impairment losses on financial assets		33,862	–
Change in fair value of investment properties		156,599	470,003
Fair value change on financial assets at fair value through profit or loss		(57,252)	20,051
Fair value change on derivative financial instruments		(36,481)	–
Distribution and selling expenses		(74,992)	(102,654)
Administrative expenses		(134,924)	(122,223)
Other expenses		(1,988)	(5,941)
Finance costs	6	(39,119)	(67,266)
Share of results of an associate	13(a)	326	1,058
Share of results of joint ventures	13(b)	(1,198)	–
Profit before taxation		1,874,506	1,533,184
Income tax expense	7	(700,906)	(500,433)
Profit for the period		1,173,600	1,032,751
Profit for the period attributable to:			
Owners of the Company	10	1,125,642	1,022,148
Non-controlling interests		47,958	10,603
		1,173,600	1,032,751
Earnings per share			
Basic (RMB cents)	10	43.95	40.53

Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income
For the Six Months Ended 30 June 2019

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited and restated)
Profit for the period	1,173,600	1,032,751
Other comprehensive income		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	2,464	–
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value gain on investment in equity instruments at fair value through other comprehensive income	–	2,634
Other comprehensive income for the period, net of tax	2,464	2,634
Total comprehensive income for the period	1,176,064	1,035,385
Total comprehensive income for the period attributable to:		
Owners of the Company	1,128,106	1,024,125
Non-controlling interests	47,958	11,260
	1,176,064	1,035,385

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	NOTES	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Restated)
NON-CURRENT ASSETS			
Investment properties	11	6,165,018	5,998,818
Property and equipment	12	132,177	122,605
Right-of-use assets		10,087	–
Interests in an associate	13	32,017	31,691
Interests in joint ventures	13	535,055	–
Financial assets at fair value through profit or loss	14	87,211	80,871
Deposits paid for acquisition of subsidiaries	15	773,654	1,935,423
Deferred tax assets		440,239	447,340
		8,175,458	8,616,748
CURRENT ASSETS			
Inventories of properties	16	27,118,282	26,121,214
Trade and other receivables, deposits and prepayments	17	3,392,497	5,646,383
Amounts due from related parties	25(d)	2,474,707	4,475
Financial assets at fair value through profit or loss	14	641,679	707,499
Prepaid income tax		431,879	375,722
Restricted/pledged bank deposits		1,678,543	1,427,072
Bank balances and cash		4,048,950	3,940,153
		39,786,537	38,222,518
CURRENT LIABILITIES			
Trade and other payables and accrued expenses	18	3,147,556	3,053,178
Pre-sale deposits received		11,772,276	10,153,352
Lease liabilities		2,166	–
Amounts due to related parties	25(d)	1,643,371	963,127
Income tax payable		3,734,730	2,523,245
Bank and other borrowings	19	4,812,635	4,801,296
Derivative financial instruments	20	89,511	–
Senior notes	20	89,171	4,477,446
		25,291,416	25,971,644
NET CURRENT ASSETS		14,495,121	12,250,874
TOTAL ASSETS LESS CURRENT LIABILITIES		22,670,579	20,867,622

Condensed Consolidated Statement of Financial Position
As at 30 June 2019

	<i>NOTES</i>	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Restated)
CAPITAL AND RESERVES			
Share capital	21	21,512	21,083
Reserves		8,650,211	7,769,975
Equity attributable to owners of the Company		8,671,723	7,791,058
Non-controlling interests		1,311,757	1,263,799
TOTAL EQUITY		9,983,480	9,054,857
NON-CURRENT LIABILITIES			
Bank and other borrowings	19	7,298,426	7,773,825
Derivative financial instruments	20	107,666	–
Lease liabilities		7,989	–
Deferred income	18	487,042	647,722
Deferred tax liabilities		715,489	656,155
Senior notes	20	4,070,487	2,735,063
		12,687,099	11,812,765
TOTAL EQUITY AND NON-CURRENT LIABILITIES		22,670,579	20,867,622

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2019

	Attributable to owners of the Company										
	Share capital	Share premium	Special reserve	Other reserve	Investment revaluation reserve	Translation reserve	Statutory surplus reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2017 (audited and originally restated)	20,564	3,216,102	22,500	278,665	-	-	219,705	3,191,020	6,948,556	44,127	6,992,683
Merger accounting restatement (Note 1)	-	-	50,000	86,408	(27)	-	5,627	44,473	186,481	57,830	244,311
At 1 January 2018 (restated)	20,564	3,216,102	72,500	365,073	(27)	-	225,332	3,235,493	7,135,037	101,957	7,236,994
Profit and total comprehensive income for the period	-	-	-	-	1,977	-	-	1,022,148	1,024,125	11,260	1,035,385
Partial disposal of interests in a subsidiary without loss of control	-	-	-	-	-	-	-	-	-	13,108	13,108
Distribution to the ultimate shareholder and a non-controlling shareholder before acquisition of entities under common control	-	-	-	-	-	-	-	(560,624)	(560,624)	(62,292)	(622,916)
Dividends recognised as distribution	-	(405,036)	-	-	-	-	-	-	(405,036)	-	(405,036)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	192,800	192,800
At 30 June 2018 (unaudited and restated)	20,564	2,811,066	72,500	365,073	1,950	-	225,332	3,697,017	7,193,502	256,833	7,450,335
At 31 December 2018 (audited) Merger accounting restatement (Note 1)	21,083	3,331,886	(593,290)	278,665	-	(3,635)	380,068	4,264,463	7,679,240	1,263,799	8,943,039
At 1 January 2019 (restated)	21,083	3,331,886	(543,290)	278,378	-	(3,635)	388,780	4,317,856	7,791,058	1,263,799	9,054,857
Profit and total comprehensive income for the period	-	-	-	-	-	2,464	-	1,125,642	1,128,106	47,958	1,176,064
Dividends recognised as distribution	-	(247,441)	-	-	-	-	-	-	(247,441)	-	(247,441)
Acquisition of entities under common control	429	609,952	(610,381)	-	-	-	-	-	-	-	-
At 30 June 2019 (unaudited)	21,512	3,694,397	(1,153,671)	278,378	-	(1,171)	388,780	5,443,498	8,671,723	1,311,757	9,983,480

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended 30 June 2019

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited and restated)
NET CASH FROM OPERATING ACTIVITIES	5,019,969	5,939,526
INVESTING ACTIVITIES		
Deposits paid for trust financing arrangements	(61,109)	(228,906)
Refund from trust financing arrangements	172,531	5,501
Additions of property and equipment	(16,303)	(4,044)
Proceeds from disposal of property and equipment	146	9
Additions of investment properties	(9,191)	(843,360)
Advances to related parties	(2,070,115)	(1,789,602)
Repayment from related parties	1,163	1,851,132
Interest received	98,037	16,789
Deposits paid for acquisition of subsidiaries	–	(537,325)
Refund of deposits paid for acquisition of subsidiaries	473,716	–
Acquisition of subsidiaries	–	(1,296,930)
Capital injection to a joint venture	(248,200)	(15,000)
Placement of restricted/pledged bank deposits	(1,459,258)	(1,539,398)
Withdrawal of restricted/pledged bank deposits	1,207,787	1,142,832
Dividend income received from equity instruments at FVTOCI	–	192
Disposal of financial assets at fair value through profit or loss	–	384
Purchase of financial assets at fair value through profit or loss	–	(569,131)
NET CASH USED IN INVESTING ACTIVITIES	(1,910,796)	(3,806,857)
FINANCING ACTIVITIES		
Proceeds from borrowings	2,684,913	547,077
Repayment of borrowings	(3,148,973)	(1,480,999)
Interest paid	(488,824)	(619,534)
Proceeds from issuance of senior notes	–	2,532,846
Repayment of senior notes	(3,088,682)	(317,559)
Net proceeds from exchange of senior notes	366,289	–
Cash proceeds from partial disposal of interest in subsidiaries without loss of control	–	10,500
Advances from related parties	763,745	–
Repayment to related parties	(87,017)	(721)
Principal elements of lease payments	(725)	–
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(2,999,274)	671,610
NET INCREASE IN CASH AND CASH EQUIVALENTS	109,899	2,804,279
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3,940,153	5,872,662
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(1,102)	–
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, Representing bank balances and cash	4,048,950	8,676,941

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the Six Months Ended 30 June 2019

1. BASIS OF PREPARATION

The Company was incorporated on 5 May 2015 and registered in the Cayman Islands as an exempted company with limited liability. In March 2016, the Company completed the initial listing of its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate and ultimate holding company is Mingyuan Group Investment Limited, a company incorporated in the British Virgin Islands ("BVI") with limited liability. Its ultimate controlling party is Mr. Shum Tin Ching (the "Ultimate Shareholder"). The addresses of the registered office of the Company is Cricket Square, Hutchins Drive PO Box 2681, Grand Cayman, KY1-111 Cayman Islands.

The interim financial information are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

The Company and its subsidiaries (collectively refer to as the "Group") are principally engaged in investment holding, property development, property management and property investment.

The interim financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Merger accounting for business combination involving entities under common control

On 17 November 2018, the Company acquired the entire issued share capital of Huyuan Holdings Limited ("Huyuan"), a company incorporated in the BVI, from the Ultimate Shareholder (the "Huyuan Acquisition") in consideration of HK\$693,629,000 (equivalent to approximately RMB615,790,000) which was settled (i) as to HK\$277,452,000 (equivalent to approximately RMB245,934,000) by the allotment and issue of 19,566,400 ordinary shares of the Company to the Ultimate Shareholder at HK\$14.18 per share; and (ii) as to HK\$416,177,000 (equivalent to approximately RMB369,856,000) in cash. The principal activities of Huyuan and its acquired subsidiaries ("Huyuan Group") are property development and investment in Shanghai of the PRC.

In January 2019, the Company completed the acquisition of the entire issued share capital of Chuangyuan Holdings Limited ("Chuangyuan"), a company incorporated in the BVI, from the Ultimate Shareholder (the "Chuangyuan Acquisition") in consideration of HK\$688,974,000 (equivalent to approximately RMB610,381,000) which was fully settled by the allotment and issue of 50,180,189 ordinary shares of the Company to the Ultimate Shareholder at HK\$13.73 per share. The principal activities of Chuangyuan and its subsidiaries ("Chuangyuan Group") are provision of property management services in the PRC.

The Company has applied merger accounting to the acquisitions of Huyuan Group and Chuangyuan Group, being business combination involving entities under common control, under Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("AG 5") issued by the HKICPA. The Group, Huyuan Group, and Chuangyuan Group are regarded as continuing entities.

Under merger accounting, based on the guidance set out in AG 5, the interim financial information incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

1. BASIS OF PREPARATION – CONTINUED

Merger accounting for business combination involving entities under common control – continued

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The adjustments to eliminate share/registered capital of the combining entities or businesses against the related investment costs have been made to special reserve in the condensed consolidated statement of changes in equity.

The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the prior periods have been restated to include the operating results of the Huyuan Group and/or Chuangyuan Group as if these acquisitions had been completed since the date the respective business came under the common control of the Company. The condensed consolidated statement of financial position as at 31 December 2018 have been restated to adjust the carrying amounts of the assets and liabilities of the Chuangyuan Group which had been in existence as at and 31 December 2018 as if those entities or businesses were combined from the date when they first came under the common control of the Company (see below for the financial impacts).

1. BASIS OF PREPARATION – CONTINUED

Merger accounting for business combination involving entities under common control – continued

The effect of restatements described above on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2018 by line items is as follows:

	Six months ended 30 June 2018 RMB'000 (Originally stated)	Business combination of entities under common control RMB'000	Elimination of intercompany transactions RMB'000	Six months ended 30 June 2018 RMB'000 (Restated)
Revenue	4,129,866	302,308	(18,484)	4,413,690
Cost of sales	(2,759,528)	(206,108)	–	(2,965,636)
Gross profit	1,370,338	96,200	(18,484)	1,448,054
Other income	95,205	1,318	–	96,523
Other gains and losses	(205,253)	832	–	(204,421)
Change in fair value of investment properties	470,003	–	–	470,003
Fair value change on financial assets at fair value through profit or loss (“FVTPL”)	20,051	–	–	20,051
Distribution and selling expenses	(93,823)	(8,831)	–	(102,654)
Administrative expenses	(121,261)	(19,446)	18,484	(122,223)
Other expenses	(1,625)	(4,316)	–	(5,941)
Finance costs	(66,821)	(445)	–	(67,266)
Share of results of an associate	1,058	–	–	1,058
Profit before taxation	1,467,872	65,312	–	1,533,184
Income tax expense	(488,899)	(11,534)	–	(500,433)
Profit for the period	978,973	53,778	–	1,032,751
Profit for the period attributable to:				
Owners of the Company	973,472	48,676	–	1,022,148
Non-controlling interests	5,501	5,102	–	10,603
Profit for the period	978,973	53,778	–	1,032,751
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Fair value gain on investment in equity instruments at fair value through other comprehensive income (“FVTOCI”)	–	2,634	–	2,634
Total comprehensive income for the period	978,973	56,412	–	1,035,385
Total comprehensive income for the period attributable to:				
Owners of the Company	973,472	50,653	–	1,024,125
Non-controlling interests	5,501	5,759	–	11,260
	978,973	56,412	–	1,035,385

1. BASIS OF PREPARATION – CONTINUED

Merger accounting for business combination involving entities under common control – continued

The effect of restatements on the condensed consolidated statement of financial position as at 31 December 2018 is as follows:

	31 December 2018 RMB'000 (Audited and originally stated)	Business combination of entities under common control RMB'000	Elimination of intercompany balances RMB'000	31 December 2018 RMB'000 (Restated)
NON-CURRENT ASSETS				
Investment properties	5,998,818	–	–	5,998,818
Property and equipment	113,539	9,066	–	122,605
Interests in an associate	31,691	–	–	31,691
Financial assets at FVTPL	80,871	–	–	80,871
Deposits paid for acquisition of subsidiaries	1,935,423	–	–	1,935,423
Deferred tax assets	446,337	1,003	–	447,340
	8,606,679	10,069	–	8,616,748
CURRENT ASSETS				
Inventories of properties	26,119,077	2,137	–	26,121,214
Trade and other receivables, deposits and prepayments	5,602,933	45,449	(1,999)	5,646,383
Amounts due from related parties	1,878	219,342	(216,745)	4,475
Financial assets at FVTPL	707,499	–	–	707,499
Prepaid income tax	375,722	–	–	375,722
Restricted/pledged bank deposits	1,427,072	–	–	1,427,072
Bank balances and cash	3,906,504	33,649	–	3,940,153
	38,140,685	300,577	(218,744)	38,222,518
CURRENT LIABILITIES				
Trade and other payables and accrued expenses	2,871,353	182,112	(287)	3,053,178
Pre-sale deposits received	10,153,352	–	–	10,153,352
Amounts due to related parties	1,181,144	440	(218,457)	963,127
Income tax payable	2,507,291	15,954	–	2,523,245
Bank and other borrowings	4,801,296	–	–	4,801,296
Senior notes	4,477,446	–	–	4,477,446
	25,991,882	198,506	(218,744)	25,971,644
NET CURRENT ASSETS	12,148,803	102,071	–	12,250,874
TOTAL ASSETS LESS CURRENT LIABILITIES	20,755,482	112,140	–	20,867,622

1. BASIS OF PREPARATION – CONTINUED

Merger accounting for business combination involving entities under common control – continued

	31 December 2018 RMB'000 (Audited and originally stated)	Business combination of entities under common control RMB'000	Elimination of intercompany balances RMB'000	31 December 2018 RMB'000 (Restated)
CAPITAL AND RESERVES				
Share capital	21,083	–	–	21,083
Reserves	7,658,157	111,818	–	7,769,975
Equity attributable to owners of the Company	7,679,240	111,818	–	7,791,058
Non-controlling interests	1,263,799	–	–	1,263,799
TOTAL EQUITY	8,943,039	111,818	–	9,054,857
NON-CURRENT LIABILITIES				
Bank and other borrowings	7,773,825	–	–	7,773,825
Deferred income	647,722	–	–	647,722
Deferred tax liabilities	655,833	322	–	656,155
Senior notes	2,735,063	–	–	2,735,063
	11,812,443	322	–	11,812,765
TOTAL EQUITY AND NON-CURRENT LIABILITIES	20,755,482	112,140	–	20,867,622

1. BASIS OF PREPARATION – CONTINUED

Merger accounting for business combination involving entities under common control – continued

The financial effect of the restatements to the Group's equity on 1 January 2018 is summarised below:

	1 January 2018 RMB'000 (Audited and originally stated)	Business combination of entities under common control RMB'000	Elimination of intercompany balances RMB'000	1 January 2018 RMB'000 (Restated)
Share capital	20,564	–	–	20,564
Share premium	3,216,102	–	–	3,216,102
Special reserve	22,500	50,000	–	72,500
Other reserve	278,665	86,408	–	365,073
Investment revaluation reserve	–	(27)	–	(27)
Statutory surplus reserve	219,705	5,627	–	225,332
Retained earnings	3,191,020	44,473	–	3,235,493
Total	6,948,556	186,481	–	7,135,037
Non-controlling interests	44,127	57,830	–	101,957
Total equity	6,992,683	244,311	–	7,236,994

The financial effect of the restatements to the Group's equity on 31 December 2018 is summarised below:

	31 December 2018 RMB'000 (Audited and originally stated)	Business combination of entities under common control RMB'000	Elimination of intercompany balances RMB'000	31 December 2018 RMB'000 (Restated)
Share capital	21,083	–	–	21,083
Share premium	3,331,886	–	–	3,331,886
Special reserve	(593,290)	50,000	–	(543,290)
Other reserve	278,665	(287)	–	278,378
Exchange reserve	(3,635)	–	–	(3,635)
Statutory surplus reserve	380,068	8,712	–	388,780
Retained earnings	4,264,463	53,393	–	4,317,856
Total	7,679,240	111,818	–	7,791,058
Non-controlling interests	1,263,799	–	–	1,263,799
Total equity	8,943,039	111,818	–	9,054,857

1. BASIS OF PREPARATION – CONTINUED

Merger accounting for business combination involving entities under common control – continued

The effect of the restatement on the Group's earnings per share for the six months ended 30 June 2018 is as follows:

	For the six months ended 30 June 2018 RMB cents
Unaudited and originally stated	39.70
Adjustments arising from business combination under common control	0.83
Restated	40.53

2. PRINCIPAL ACCOUNTING POLICIES

The interim financial information has been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the interim financial information for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's interim financial information:

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

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

Except as described below, the Directors consider that application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior interim periods and/or on the disclosures set out in these interim financial information.

2. PRINCIPAL ACCOUNTING POLICIES – CONTINUED

2.1 Impacts and changes in accounting policies of application on HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 “Leases” (“HKAS 17”), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

2. PRINCIPAL ACCOUNTING POLICIES – CONTINUED

2.1 Impacts and changes in accounting policies of application on HKFRS 16 “Leases” – continued

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 – continued

As a lessee – continued

Right-of-use assets – continued

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

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

2. PRINCIPAL ACCOUNTING POLICIES – CONTINUED

2.1 Impacts and changes in accounting policies of application on HKFRS 16 “Leases” – continued

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 – continued

As a lessee – continued

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 “Income Taxes” requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”) to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees. The Group considered that such adjustment has no material impact to the condensed consolidated financial statements of the Group.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2. PRINCIPAL ACCOUNTING POLICIES – CONTINUED

2.1 Impacts and changes in accounting policies of application on HKFRS 16 “Leases” – continued

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HKFRIC 4 Determining whether an Arrangement contains a lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in the PRC and properties in Hong Kong was determined on a portfolio basis; and
- iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group’s leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition.

2. PRINCIPAL ACCOUNTING POLICIES – CONTINUED

2.1 Impacts and changes in accounting policies of application on HKFRS 16 “Leases” – continued

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 – continued

Definition of a lease – continued

As a lessee – continued

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee’s incremental borrowing rate applied is 6.42%.

	At 1 January 2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	1,432
Lease liabilities discounted at relevant incremental borrowing rates	1,430
Less: Recognition exemption – short-term leases	(1,342)
Recognition exemption – low-value assets	(88)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 Leases	–

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application had no impact on the Group’s condensed consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (b) Effective on 1 January 2019, the Group has applied HKFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the interim financial information of the Group for the current period.

The Directors consider that the application of HKFRS 16 had no material impact on the Group’s financial performance for the prior period and the financial position as at 31 December 2018.

3. REVENUE

Revenue is stated net of sales related tax and is analysed as follows:

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited and restated)
Types of goods and services		
Sales of properties	5,065,557	4,194,561
Property management services	190,065	141,287
Property rental	48,363	16,270
Sales and installation service of software and system equipment	–	61,572
Total	5,303,985	4,413,690
Revenue is recognised:		
Contracts with customers:		
– A point in time	5,065,557	4,194,561
– Over time	190,065	202,859
Other sources: rental income	48,363	16,270
	5,303,985	4,413,690

Sales of properties by geographical markets

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited and restated)
Yangzhou	2,407,953	2,786,559
Suzhou	819,967	–
Taizhou	788,034	631,044
Zhenjiang	530,573	137,973
Nanjing	257,859	–
Nantong	215,286	439,084
Shanghai	19,143	80,965
Changzhou	14,415	118,936
Suqian	12,327	–
Total	5,065,557	4,194,561

4. SEGMENT INFORMATION

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors, being the chief operating decision maker, for the purpose of allocating resources to segments and assessing their performance. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

1. Property development – development and sales of office premises, shopping arcade and residential properties
2. Property investment – leasing of office premises, hotel, shopping arcade and carparks
3. Property management services – provision of property management services primarily to residential communities, following the acquisition of related business in 2019
4. Development services – development of resettlement properties and other public facilities
5. Others – sales and installation service of software and system equipment. It was disposed of in September 2018.

No segment revenue and results are presented for the provision of development services as there is no revenue generated and expenses incurred for this segment during the six months ended 30 June 2019 and 2018. The Group would continue to engage in the provision of development services in the future.

No segment assets and liabilities are presented as they were not regularly provided to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Information regarding the above segments is reported below.

4. SEGMENT INFORMATION – CONTINUED

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments for the periods:

	Segment revenue Six months ended 30 June		Segment profit Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited and restated)	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited and restated)
Property development	5,065,557	4,194,561	1,571,356	1,185,231
Property management	190,065	141,287	61,116	49,540
Property investment	48,363	16,270	48,363	16,270
Others	–	61,572	–	17,847
Total	5,303,985	4,413,690	1,680,835	1,268,888
Interest income			124,606	91,862
Other gains and losses			54,727	(204,421)
Reversal of impairment losses on financial assets			33,862	–
Change in fair value of investment properties			156,599	470,003
Fair value change on financial assets at FVTPL			(57,252)	20,051
Fair value change on derivative financial instruments			(36,481)	–
Central administration costs			(42,399)	(46,991)
Finance costs			(39,119)	(67,266)
Share of result of an associate			326	1,058
Share of results of joint ventures			(1,198)	–
Profit before taxation			1,874,506	1,533,184

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without interest income, other gains and losses, change in fair value of investment properties, fair value change on financial assets at fair value through profit or loss, fair value change on derivative financial instruments, allocation of central administration costs, finance costs, share of result of an associate and share of results of joint ventures. This is the measure reported to the chief operating decision maker, for the purposes of resources allocation and performance assessment.

Revenue reported above represents revenue generated from external customers. During the six months ended 30 June 2019, inter-segment revenue from property management segment to property development segment was RMB10,946,000 (six months ended 30 June 2018: RMB18,484,000).

5. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited and restated)
Other income		
Interest income on bank deposits	19,509	16,877
Interest income on financial assets at FVTPL	37,030	3,043
Interest income on loans receivables	68,067	71,750
Dividend income from equity instruments at FVTOCI	–	192
Others	9,894	4,661
	134,500	96,523
Other gains and losses		
Gain on disposal of property and equipment	4	2
Foreign exchange gain (loss), net	58,676	(204,423)
Loss on disposal of financial assets at FVTPL	(3,953)	–
	54,727	(204,421)

6. FINANCE COSTS

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited and restated)
Interest on bank and other borrowings	322,292	440,054
Interest on senior notes	263,516	248,685
Interest expenses of lease liabilities	178	–
	585,986	688,739
Less: capitalised investment properties under construction/ properties under development	(546,867)	(621,473)
	39,119	67,266

Finance costs have been capitalised for investment properties under construction and properties under development at average rate of 6.72% (six months ended 30 June 2018: 7.03%) for the six months ended 30 June 2019.

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited and restated)
Current tax:		
Enterprise Income Tax ("EIT") in the PRC	426,411	301,302
Land Appreciation Tax ("LAT")	208,922	79,037
	635,333	380,339
Deferred tax	65,573	120,094
	700,906	500,433

No provision for taxation has been recognised for companies incorporated in the Cayman Islands and the BVI as they are not subject to any tax during both periods.

No provision for Hong Kong Profits Tax and Macau Complementary Tax has been recognised in the interim financial information during both periods as the Group does not have assessable profit which arises in, or is derived from Hong Kong and Macau.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

According to the requirements of the Provisional Regulations of the PRC on LAT effective from 1 January 1994 and amended on 8 January 2012, and the Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all gains arising from the sale or transfer of real estate in the PRC with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value.

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited and restated)
Profit for the period has been arrived at after charging/(crediting):		
Cost of sales	3,463,539	2,965,636
Depreciation of right-of-use assets	794	–
Depreciation of property and equipment	6,589	6,003
Less: Amount capitalised in properties under development	(1,643)	(255)
	4,946	5,748

9. INTERIM DIVIDEND

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited and restated)
Interim dividend declared	–	212,147

The Board of Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: HK10 cents per share).

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited and restated)
Earnings		
Profit for the period attributable to owners of the Company	1,125,642	1,022,148
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,561,152	2,521,747

No diluted earnings per share for the periods ended 30 June 2019 and 2018 were presented as there were no dilutive potential ordinary shares in both periods.

11. INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
FAIR VALUE			
At 1 January 2019	4,662,833	1,335,985	5,998,818
Exchange realignment	–	410	410
Additions	–	9,191	9,191
Transfer of completed investment properties	994,972	(994,972)	–
Net change in fair value recognised in profit or loss	151,257	5,342	156,599
At 30 June 2019 (unaudited)	5,809,062	355,956	6,165,018

11. INVESTMENT PROPERTIES – CONTINUED

The completed investment properties and investment properties under construction are situated in the PRC and Cambodia (31 December 2018: situated in the PRC and Cambodia) under medium-term leases and long-term leases respectively. The completed investment properties are rented out under operating leases.

The fair values of the Group's investment properties at 30 June 2019 have been arrived at on the basis of valuations on those dates, except for the investment property under construction in Cambodia ("Cambodia IP") which was newly acquired during the year ended 31 December 2018, carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. As at 30 June 2019, Cambodia IP is measured at cost of RMB245,131,000. In the opinion of the directors, the carrying amount of the Cambodia IP approximates its fair value.

The valuations of completed investment properties were arrived by adoption of income capitalisation approach after considering the capitalised rental income derived from the existing tenancies with due provision for any reversionary income potential of the respective properties.

The valuations of investment properties under construction ("IP under construction") were arrived by adoption of residual approach. Residual approach is adopted when IP under construction is close to completion state based on market observable transactions of completed properties with the basis that they will be developed and completed in accordance with the latest development proposals and taken into account the construction costs that will be expended to complete the development to reflect the quality of the completed development and developer's profit.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

All of the Group's property interests held under operating leases in the PRC to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

12. PROPERTY AND EQUIPMENT

During the period, the Group has spent RMB16,303,000 on additions of property and equipment (six months ended 30 June 2018: RMB4,044,000). In addition, the Group has disposed of property and equipment of RMB142,000 during the period (six months ended 30 June 2018: RMB7,000).

13. INTERESTS IN AN ASSOCIATE AND JOINT VENTURES

(a) An associate

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Restated)
Opening balance	31,691	30,000
Share of results	326	1,691
Closing balance	32,017	31,691

13. INTERESTS IN AN ASSOCIATE AND JOINT VENTURES – CONTINUED

(a) An associate – continued

Details of the Group's associate at 30 June 2019 is as follows:

Name of entity	Place of incorporation/ registration	Proportion of ownership interest held by the Group	Proportion of voting right held by the Group	Principal activity
Shenzhen Shengyuan Zhiben Commercial ("Shenzhen Shengyuan") 深圳市盛元智本商業保理有限公司	PRC	30%	20%	Financial services

(b) Joint ventures

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000
Opening balance	–	–
Additions during the period	536,253	–
Share of results	(1,198)	–
Closing balance	535,055	–

Details of the Group's joint ventures at 30 June 2019 are as follows:

Name of entity	Place of incorporation/ registration	Proportion of ownership interest held by the Group	Proportion of voting right held by the Group	Principal activity
Nanjing Kangxing Science and Technology Industrial Park Operation Management Co., Ltd. ("Nanjing Kangxing") 南京康星科技產業園營運有限公司	PRC	51%	51%	Property development
Dongfangsuoqi Investment Development Group Co., Ltd. ("Dongfangsuoqi") 東方索契投資發展集團有限公司	PRC	36%	36%	Property development

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Debt instruments in the PRC, at fair value	72,153	65,913
Debt instruments in overseas, at fair value	450,282	419,887
Deposits paid for a life insurance policy, at fair value	15,058	14,958
Listed equity investment in Hong Kong, at fair value	191,397	287,612
	728,890	788,370
Less: Classified as current assets	(641,679)	(707,499)
Non-current portion	87,211	80,871

15. DEPOSITS PAID FOR ACQUISITION OF SUBSIDIARIES

The Group from time to time enters into framework agreements ("Framework Agreements") with independent third parties in relation to the acquisition of controlling interest in certain entities which are principally engaged in property development in the PRC. As at 30 June 2019, the Group had made total deposits of RMB773,654,000 (31 December 2018: RMB1,935,423,000) in relation to these acquisitions. According to these Framework Agreements, in case the acquisitions cannot be completed, the deposits paid will be fully refunded to the Group. The deposits are non-interest bearing except for an amount of RMB400,000,000 (30 June 2019: nil) bearing interest rate of 8.5% per annum as at 31 December 2018.

16. INVENTORIES OF PROPERTIES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Restated)
Properties held for sale	5,769,775	4,669,772
Properties under development	21,348,507	21,451,442
	27,118,282	26,121,214

The Group's inventories of properties are situated in the PRC and Hong Kong (31 December 2018: the PRC and Hong Kong). As at 30 June 2019, properties under development of RMB11,881,156,000 (31 December 2018: RMB11,704,356,000) is expected to be realised after twelve months from the end of the reporting date.

The Group has pledged certain inventories of properties to secure certain banking and other facilities granted to the Group (Note 22).

17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Restated)
Rental receivables (Note i)	98,694	52,268
Prepaid construction costs	349,598	802,333
Prepaid business and other taxes	471,601	404,550
Advances to potential investees (Note ii)	–	1,344,973
Deposits for acquisition of land use rights	396,191	456,199
Project-related deposits (Note iii)	635,084	790,169
Deposits for trust financing arrangements (Note iv)	197,566	308,988
Other deposits (Note v)	142,981	273,647
Advance to staff	103,124	49,146
Loans receivables (Note vi)	535,523	662,607
Interest receivable	123,999	153,969
Other receivables	338,136	347,534
	3,392,497	5,646,383

Notes:

- (i) The amount represented rental receivables for leasing of office premises, hotel, shopping arcade and carparks.
- (ii) The amounts were paid to certain entities in which the Group will potentially invest ("potential investees"). Such payments were prepayments for acquisition of property development projects of those potential investees.
- (iii) The amount mainly represented deposits placed at the request of local governments. The deposits will be refunded to the Group upon the completion of projects.
- (iv) The amounts were deposited in trust financing companies in connection with raising trust loans to subsidiaries of the Group. The deposits will be refunded to the Group upon final repayment of the trust loans or on demand.
- (v) Other deposits mainly represented temporary payments for potential property development projects to local governments. There is no fixed repayment term for these deposits and the directors of the Company consider they are refundable upon the payment of construction costs.
- (vi) Loans receivables represented loans to independent third parties and are unsecured, interest bearing at rates ranging from 12% to 23% per annum (31 December 2018: 12% to 23% per annum) and repayable within one year.

The Group allows in average a credit period of 30 days to its trade customers. In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

As at 30 June 2019, allowance for credit losses/doubtful debts on trade and other receivables of RMB55,367,000 (31 December 2018: RMB84,722,000) are recognised.

18. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Restated)
Trade payables	2,017,720	1,493,663
Advance from customers	59,406	44,199
Business and other taxes payable	79,540	429,998
Accrued charges	158,874	233,981
Deferred income (Note i)	500,510	713,783
Deposits related to sales of properties	255,748	181,466
Receipts on behalf of property residents	130,171	126,033
Consideration payable for acquisition of subsidiaries	95,000	95,000
Dividend payable	247,441	–
Deposits and other payables (Note ii)	90,188	382,777
	3,634,598	3,700,900
Less: Non-current portion of deferred income	(487,042)	(647,722)
Current portion	3,147,556	3,053,178

Notes:

- (i) Deferred income represented income arising from transfer of use rights of underground car parks for which building ownership certificate has not been obtained by the Group. The income arising from sales of underground car parks is recognised in profit or loss as rental income and amortised on a straight line basis over the period of the use rights.
- (ii) Deposits and other payables mainly represented various deposits received from contractors in relation to tendering and execution of construction contracts.

Trade payables comprise construction costs and other project-related expenses which are due for payment based on project progress measured by the Group. The average credit period of trade payables is 30 days.

The following is an aged analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Restated)
0–30 days	1,043,409	633,384
31–90 days	317,753	276,271
91–180 days	218,546	219,011
181–360 days	108,168	85,467
Over 360 days	329,844	279,530
	2,017,720	1,493,663

19. BANK AND OTHER BORROWINGS

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Restated)
Bank loans, secured	5,650,562	6,646,875
Trust loans, secured	5,300,451	3,700,400
Other loans, secured	1,160,048	2,227,846
	12,111,061	12,575,121
Less: amount due within one year or on demand shown under current liabilities	(4,812,635)	(4,801,296)
Amount shown under non-current liabilities	7,298,426	7,773,825

During the six months ended 30 June 2019, the Group obtained new borrowings amounting to RMB2,684,913,000 (six months ended 30 June 2018: RMB547,077,000) and repaid borrowings amounting to RMB3,148,973,000 (six months ended 30 June 2018: RMB1,480,999,000).

As at 30 June 2019, borrowings amounting to RMB10,445,075,000 (31 December 2018: RMB10,907,120,000) carry fixed interest rates ranging from 1.90% to 13.50% per annum (31 December 2018: 1.35% to 10.5% per annum). The remaining borrowings amounting to RMB1,665,986,000 (31 December 2018: RMB1,668,001,000) carry interest at variable rates with the effective interest rates ranging from 2.30% to 5.02% per annum (31 December 2018: 2.30% to 5.02% per annum).

All bank and other borrowings are secured by the pledge of assets as set out in Note 22, out of which RMB113,866,000 (31 December 2018: RMB118,347,000) are also guaranteed jointly by a director of the Company and related parties as set out in Note 25(c).

20. SENIOR NOTES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
2017 senior notes due April 2019	–	343,473
2017 senior notes due May 2019	–	340,117
2018 senior notes due January 2019	–	1,897,271
2018 senior notes due January 2019	–	760,433
2018 senior notes due October 2019	–	1,136,152
2018 senior notes due October 2020	1,556,085	1,525,186
2018 senior notes due October 2020	482,294	486,906
2018 senior notes due October 2020	549,098	551,388
2018 senior notes due October 2020	171,209	171,583
2019 senior notes due May 2022	1,400,972	–
	4,159,658	7,212,509
Less: amount due within one year shown under current liabilities	(89,171)	(4,477,446)
Amount due after one year	4,070,487	2,735,063

Note:

In May 2019, the Company issued secured senior notes (the "May 2019 Senior Notes") with a principal amount of US\$225,000,000 (equivalent to approximately RMB1,546,920,000), bearing interest at a fixed interest rate of 11.375% per annum with interest payable semi-annually in arrears and secured by shares of certain subsidiaries of the Company, will mature in May 2022. A portion of the May 2019 Senior Notes was used to exchange for all of the outstanding US\$160,000,000 senior notes due October 2019, i.e. the 2018 senior notes due October 2019.

The 2018 senior notes due October 2020 and the 2019 senior note due May 2022 contain a liability component and early redemption options:

- (i) Liability component represents the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Company.
- (ii) As at 30 June 2019, the fair value of put options have been recognised as derivative financial instruments in the condensed statement of financial position.

	30 June 2019 RMB'000 (Unaudited)
Non-current liabilities	107,666
Current liabilities	89,511
	197,177

21. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised		
At 1 January 2019 and 30 June 2019	10,000,000,000	100,000
Issued and fully paid		
At 1 January 2019	2,510,971,802	25,110
Issued of shares for acquisition of entities under common control (<i>Note 1</i>)	50,180,189	502
At 30 June 2019	2,561,151,991	25,612

Share capital shown in the interim financial information after merger accounting:

	RMB'000
At 30 June 2019	21,512
At 31 December 2018	21,083

22. PLEDGE OF ASSETS

The following assets were pledged to secure the mortgage guarantees provided to property buyers and certain banking and other facilities granted to the Group at the end of the reporting period:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Restated)
Pledged bank deposits	1,602,596	1,357,179
Financial assets at FVTPL	15,058	14,958
Property and equipment	74,191	73,946
Investment properties	1,042,398	1,048,391
Properties under development	16,674,084	12,973,917
Properties held for sale	103,199	237,105
	19,511,526	15,705,496

23. COMMITMENTS

The Group had the following commitments:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Restated)
Contracted but not provided for:		
– Expenditure in respect of properties under development for sales and investment properties under construction	6,569,972	6,126,635

24. GUARANTEES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Restated)
Mortgage guarantees	7,672,687	6,358,573

The Group provided guarantees in respect of mortgage bank loans granted to property buyers. Guarantees are given to banks with respect of loans procured by the purchasers of the Group's properties. Such guarantees will be released by banks upon the purchaser obtaining the relevant building ownership certificate and completion of the relevant mortgage registration.

25. RELATED PARTY TRANSACTIONS AND BALANCES

The Group entered into the following significant transactions with its related parties during the period:

(a) Procurement of intelligent system equipment

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited and restated)
Jiaxing City Deyu Electronics Technology Co., Ltd. ("Jiaxing Deyu") 嘉興市德宇電子科技有限公司	3,176	1,257

Jiaxing Deyu are controlled by close family members of the Ultimate Shareholder.

(b) Architectural design fee

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited and restated)
Jiaxing City Boyuan Architecture Design Co., Ltd. ("Jiaxing Boyuan") 嘉興市博源建築設計有限公司	12,906	8,652

Jiaxing Boyuan is an entity controlled by the Ultimate Shareholder.

25. RELATED PARTY TRANSACTIONS AND BALANCES – CONTINUED

- (c) Financial guarantees provided by a director of the Company, a related party whom is the spouse of the director of the Company and a related company which are under common control of the Ultimate Shareholder for bank and other borrowings of the Group:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Restated)
A director of the Company and related parties	113,866	118,347

(d) Related party balances

At the end of the reporting period, the Group has the following significant balances with related parties:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Restated)
Amounts due from related parties		
Trade nature		
<i>Subsidiaries commonly controlled by Ultimate Shareholder:</i>		
Jiaxing Boyuan	1,830	–
Jiaxing Deyu	2,762	89
Zhejiang Xigu Digital Technology Co., Ltd. (“Zhejiang Xigu”) 浙江西谷數字技術股份有限公司	–	342
Others	–	2,881
Non-trade nature		
<i>Non-controlling Interest:</i>		
Suzhou Yiquan Capital Management Co., Ltd. 蘇州意泉資本管理有限公司	211,800	–
<i>Joint ventures:</i>		
Dongfangsuoqi	71,931	–
Nanjing Kangxing	1,786,384	–
Beijing Bojiezongheng Enterprise Management Co., Ltd. (“Beijing Bojiezongheng”) 北京博杰縱橫企業管理有限公司	300,000	–
Huaibei Xi'en Century Real Estate Development Co., Ltd. (“Huaibei Xi'en”) 淮北西恩世紀房地產開發有限公司	100,000	–
<i>Subsidiaries commonly controlled by Ultimate Shareholder:</i>		
Others	–	1,163
	2,474,707	4,475

25. RELATED PARTY TRANSACTIONS AND BALANCES – CONTINUED

(d) Related party balances – continued

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Restated)
Amounts due to related parties		
Trade Nature		
<i>Subsidiaries commonly controlled by Ultimate Shareholder:</i>		
Jiayuan Boyuan	5,855	–
Zhejiang Xigu	1,026	6,164
Jiaying Deyu	6,536	3,737
Non-trade Nature		
Ultimate Shareholder	226,133	153,838
<i>Non-controlling interests:</i>		
Tang Shing Bor	901,575	710,125
Zhejiang Xinlung Enterprise Management Limited 浙江昕隆企業管理有限公司	2,246	89,100
Zhuhai Rirong Property Development Limited 珠海日榮房地產開發有限公司	–	163
<i>Subsidiaries commonly controlled by Ultimate Shareholder:</i>		
Anhui Jiayuan Real Estate Group Co., Ltd. 安徽佳源房地產集團有限公司	500,000	–
	1,643,371	963,127

The above balances are unsecured, non-interest bearing and repayable on demand except for the amount of RMB300,000,000 and RMB100,000,000 due from Beijing Bojiezhongheng and Huaibei Xi'en bearing interest of 8.5% per annum respectively.

(e) Compensation of key management personnel

The remuneration of directors and other members of key management during the period is as follows:

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited and restated)
Short term benefits	5,542	5,227
Post-employment benefits	67	108
	5,609	5,335

The remuneration of directors and other members of key management is determined having regarded to the performance of individuals and market trends.

26. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) Acquisition of subsidiaries

Subsequent to the end of the current interim period, the Group completed the acquisition of 100% interest in Huiyuan Investment Holdings Limited. Huiyuan Investment Holdings Limited is engaged in property development located in Anhui Province, the PRC, mainly consisting of large-scale residential complex projects and integrated commercial complex projects, as well as apartments, offices, shopping arcades, hotels and other supporting facilities. It was acquired with the objective of expanding the Group's business in the PRC.

On 18 July 2019, the connected transaction involving acquisition of entire equity interest in Huiyuan Investment Holdings Limited and its subsidiaries (collectively referred to as "Huiyuan Group" from the Ultimate Shareholder was approved by shareholders in the extraordinary general meeting. The transaction was completed on 8 August 2019 and the consideration of RMB4,155,168,787 was satisfied by issue of shares of the Company. Details of the transactions are set out in the announcements issued by the Company dated 26 April 2019, 24 June 2019 and 8 August 2019 and the circular issued by the Company dated 25 June 2019.

(b) Senior notes

In July 2019, the Company issued senior notes with a principal amount of US\$225,000,000 due in March 2022 (the "March 2022 Senior Notes") (a portion of which amounted to US\$174,671,000 ("the Exchanged Notes") was used to exchange for the outstanding 12.00% senior notes due 2020 with a principal amount of US\$400,000,000 (the "October 2020 Senior Notes") (comprised the US\$225,000,000 12% October 2020 Senior Notes I issued in October 2018, the US\$70,000,000 12% October 2020 Senior Notes II issued in November 2018, the US\$80,000,000 12% October 2020 Senior Notes III issued in December 2018 and the US\$25,000,000 12% October 2020 Senior Notes IV issued in December 2018)), which are listed on the Stock Exchange (Stock Code: 4418). The March 2022 Senior Notes, bearing interest at a fixed rate of 13.75% per annum with interest payable semi-annually in arrears, will mature in March 2022. All of the Exchanged Notes in the principal amount of US\$174,671,000 were cancelled and the outstanding aggregate principal amount of the remaining October 2020 Senior Notes after such cancellation is US\$225,329,000.