億達中國控股有限公司
YIDA CHINA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

股份代號 Stock Code : 3639.HK

INTERIM REPORT
中期報告 2019

Changsha Yida & CSCEC Intelligent Technology Centre

CONTENTS

CORPORATE OVERVIEW

Yida China Holdings Limited (the "Company"), together with its subsidiaries (collectively referred to as the "Group"), founded in 1988, headquartered in Dalian, is China's largest business park developer and leading business park operator. The main business involves business park operation, residential properties within and outside business parks and office properties sales, business park entrusted operation and management, construction, decoration and landscaping services and property management service. On 27 June 2014, the Company was successfully listed (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the early stage of corporate development, the Group established its foothold in Dalian and relied on its local knowledge advantages. Meanwhile, it catered to the international development trends and enjoyed the advantages of its unique business model. Since 1998, the Group had firmly been seizing the international industrial relocation opportunities of service outsourcing industry and IT outsourcing industry, implementing "Private Investment + Government Support", Internationalization and "Industry-Universities" integration strategies, creating the business model of City-Industry Integration, and constructing and operating Dalian Software Park at a high standard. The Group had become a pioneer in the field of China's service outsourcing business park development and operation and had determined its future development direction.

During the business expansion stage, the Group improved its capacities in all fields, raised abruptly based on its accumulated strength and established its own core competitiveness. The Group, by relying on its successful experiences in the operation of Dalian Software Park and the government's economic development and industrial upgrading strategies, fully integrated internal and external resources, further developed and operated Dalian Ascendas IT Park, Tianjin Seafront Service Outsourcing Industrial Park, Suzhou Hightech Software Park, Wuhan Optics Valley Software Park, Dalian Tiandi, Dalian BEST City, Wuhan First City, Yida Information Software Park and many other software parks and technology parks. It helped the Group to achieve its preliminary strategic goals of "National Expansion, Business Model Exploration and Diversified Cooperation". For over 20 years, the Group had provided its services to nearly 70 Fortune Global 500 Companies. The Group had accumulated rich client base and operation experiences, forming a blue ocean for business development featuring high entry threshold, high customer loyalty, whole production chain coverage and immunity to cyclicality risk.

After the Listing, the Group clearly put forward to be "China's leading business park operator". It pursued its national expansion goal through the strategy of "leading the development of asset-light business to actuate asset-heavy business, and developing asset-light and asset-heavy businesses simultaneously". Thus, the Group, by virtue of using the development mode of "City-Industry Integration", had been consolidating its business in Dalian, greatly expanding its business in Wuhan, and fully exploring its business in major first-tier and second-tier cities and economically vital regions. The Group had seized the development opportunity during new period in the higher platform by obtaining the strategic investment from CMIG Jiaye, the current controlling shareholder.

In the "second half" of the real estate industry, the Group will cater to the trends and, by virtue of its strong internal and external resources, enhance its core competitiveness as to its business park development and operation to finally achieve scale development and performance improvement.

Wuhan First City

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Jiang Xiuwen *(Chairman and Chief Executive Officer)*
Mr. Chen Donghui
Ms. Ma Lan *(resigned on 29 March 2019)*
Mr. Yu Shiping
Ms. Zheng Xiaohua
Mr. Xu Beinan *(appointed on 29 March 2019)*

Non-executive Directors

Mr. Zhao Xiaodong
Mr. Chen Chao
Mr. Wang Gang

Independent Non-executive Directors

Mr. Yip Wai Ming
Mr. Guo Shaomu
Mr. Wang Yinping
Mr. Han Gensheng

JOINT COMPANY SECRETARY

Ms. Wang Huiting
Ms. Kwong Yin Ping, Yvonne

AUTHORISED REPRESENTATIVES

Ms. Ma Lan *(resigned on 29 March 2019)*
Mr. Jiang Xiuwen *(appointed on 29 March 2019)*
Ms. Wang Huiting

BOARD COMMITTEES

Audit Committee

Mr. Yip Wai Ming *(Chairman)*
Mr. Guo Shaomu
Mr. Wang Yinping
Mr. Han Gensheng

Remuneration Committee

Mr. Wang Yinping *(Chairman)*
Mr. Jiang Xiuwen
Mr. Guo Shaomu
Mr. Han Gensheng

Nomination Committee

Mr. Jiang Xiuwen *(Chairman)*
Mr. Yip Wai Ming
Mr. Wang Yinping
Mr. Han Gensheng

REGISTERED OFFICE

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Hong Kong

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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183 Queen's Road East
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Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

LEGAL ADVISORS

As to Hong Kong Law
Sidley Austin

As to PRC Law
Commerce & Finance Law Offices

As to Cayman Islands Law
Conyers Dill & Pearman (Cayman) Limited

PRINCIPAL BANKERS

Bank of Dalian
Harbin Bank
Industrial and Commercial Bank of China
Bank of Communications
Shanghai Pudong Development Bank

STOCK CODE

3639

COMPANY'S WEBSITE

www.yidachina.com

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present you the Group's interim results for the six months ended 30 June 2019 (the "Period").

Jiang Xiuwen

Yida China Holdings Limited
Chairman and chief executive officer

During the Period, the Group recorded revenue of RMB2,333 million, of which residential properties within and outside business parks and office properties sales income was RMB1,704 million, rental income of business parks was RMB267 million, business park operation and management income was RMB30.47 million, construction, decoration and landscaping income was RMB109 million, and property management income was RMB222 million. Gross profit margin was 44.0%, and net profit attributable to Company shareholders was RMB299 million.

REVIEW OF THE FIRST HALF OF 2019

In recent years, government policies have encouraged growth in business parks at both ends of supply and demand. The 13th Five Year Plan and the 19th National Congress of the Communist Party of China also placed new industry development at a strategic level, with business development and city-industry integration becoming the key terms. Central and local governments have frequently collaborated on policies to support district-level development and explored growth points in the new urban economy. Demand for the development of new cities and business parks further increased, with enterprises becoming keen to invest in business parks. We believe that a focus on the development and operation of business parks will play a leading role in this area in line with government policy, market expectations and demand, and is a worthy long-term business model.

Under the new economic cycle and the government's call for a thriving "real economy", business parks development has gradually taken the form of a "triple balance of power", further complementing our business strategies. The first major player of the market is traditional business park developers, such like the Group, and characteristised by the mature operation and business model and fully developed customer ecosystem for the provision of professional, diversified and personalised services in the whole industry chain. The second is those leading real estate enterprises which have evolved beyond business parks development by relying on solid capital strengths and ability to allocate resources. The third is the leading traditional manufacturing enterprises, which have expanded the manufacturing industry ecosystem on top of existing resources to seek for new growth drivers. All these provide more opportunities and a wider scope of cooperation for market participants.

The Group has focused on city industry development for more than two decades, in keeping with its philosophy of "promoting the development of cities through industrial integration while creating value through coordinated development". The Group has strong business establishment in Dalian and Wuhan and has expanded its presence in the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Pearl River Delta, the central and western areas and other economically vibrant regions. It operates 30 business parks with a mix of self-owned and asset-light business models in 19 cities. With the scale and quality of these operations continuing to grow, the business pattern extending geographically, the network of resources for global enterprise customers expanding and brand influence increasing, the Group's leading position in the development and operation of business parks is thus reinforced.

1. Continuing the expansion of asset-heavy city-industry projects, strengthening district ancillary facilities to create urban complexes

In the first half of 2019, the Group focused on optimising the resources for city-industry projects, enhancing the quality of operation, and expanding business in core districts. In June 2019, the Group succeeded in the bid of the land for phase two of Zhengzhou Technology New City, and entered into an office units repurchase agreement with the local government in respect of the business park. It is expected that the park will have a total gross floor area ("**GFA**") of approximately 700,000 square metres and attract more than 300 high technology enterprises and tens of thousands of high-end talents. By providing necessary commercial facilities, living services and other ancillaries, the park will form an urban complex combining lifestyle, services, R&D and business.

Zhengzhou Technology New City

2. **Focusing on high quality operations to exert the core competitiveness of business parks**

   The Group followed through on its vision of becoming "China's leading business park operator" and its development strategy of nation-wide expansion. The Group has evolved from a single segment to a multifaceted business, from leasing and sales to comprehensive services, and from asset-heavy development to the high quality operation of both asset-light and asset-heavy developments. The Group has built its core competiveness in developing, constructing and operating business parks and in property management. The Group has gradually strengthened the competitiveness of its planning, construction and operational services, and further achieved innovation in its business model and form of cooperation. This has been widely recognised in the industry, as attested by honours such as top five ranking in the "Top 30 Industrial Real Estate Operators in China" and one of the "2019 Leading Enterprise in Industry Space Operation Top 10". In the first half of 2019, the Group gradually gathered resources of business park projects, with five new tenants included in Fortune Global 500 enterprises and top 100 enterprises in the industry moved into the business parks, and the Group has simultaneously commenced the expansion of asset-heavy projects.

3. **Fully integrated the business resources and established all-service platforms in intelligent parks to achieve strategic optimisation as a "service-oriented company"**

   In respect of planning for the expansion of its asset-light business, the Group adhered to the innovation of intelligent park's operation service mode, established a wholly-owned subsidiary, Yida Yuntu, self-developed and launched IOT platform, business solicitation-leasing and sales platform, industry services platform as well as big data analysis platform in the intelligent park, speeding up the integration of service resources, improving the local ancillary, enterprise service ancillary and industry service ancillary in the park, with the formation of a public cloud service platform in the intelligent park. In which, platforms such as Yida Huiyun (易達慧雲), Zhiyun (智雲) and Xiangyun (享雲) were launched for test run, covering 24 asset-light and asset-heavy projects initially in 16 cities with total online resources exceeding two million square metres and serving more than 5,000 customers. Through the establishment of online and offline service sharing platforms encompassing digital, technology, finance and services, the Group gradually optimised its services to achieve the strategic transformation towards a service-oriented company and, creation of a business service system of "Space as Service".

OUTLOOK FOR THE SECOND HALF OF 2019

In face of internal and external pressure, the upgrade and transformation of the PRC economy is imminent. Formation of the Guangdong-Hong Kong-Macao Greater Bay Area and the establishment of Sci-Tech board injected new driving force for China's economy, where technology and innovation development, district economy and expansion of open policy will create development opportunities for business park properties. Along with the support of policies such as Industry 4.0 Era, the demand-driven manufacturing industry production chain, state-level new district, development zone as well as free trade zone, business parks will congregate in the area and thereby stimulating both the demand and supply. It is anticipated that the demand for operation and business solicitation services in business parks in the market will increase significantly, which will bring about an exciting expansion opportunity for the Group, in light of its coverage in the whole industry chain, its leading operation and business solicitation team, and its long-term cooperation with Fortune Global 500 enterprises.

Dalian Ascendas IT Park

In the second half of 2019, the Group will continue to uphold the operation philosophy of "market-oriented, customer-centric and performance-based", and relying on the development of real economy, to enhance the quality of planning and focus on the core competitiveness of the development and operation of business parks, to achieve growth in all business segments, to fully strengthen the quality of products and services to enhance profitability, and to create new urban districts with diversified, collective, industry-city integrated and comprehensive development.

1. Activating assets in stock to enhance the operation efficiency of core assets

The Group will comprehensively evaluate its assets in stock, optimise the allocation of resources, actively dispose non-production assets that are located at highly concentrated areas but with low marginal benefits to speed up the recovery of capital, and consider to expand asset-light and asset-heavy projects in cities or districts with higher industry-city development potential based on factors such as policies, industry and talents. The Group will adopt a three-dimensional asset optimization management plan that consists of holding core assets for long-term investment and unlocking the value of operating assets by: actively introducing strategic resources and joint-venture cooperation and joint development in cities, realizing the optimization of resources, manpower and finance of the Company, and creating a more sustainable, profitable and risk-resistant enterprise business model.

2. Driving our business by developing asset-heavy projects, operating asset-light projects and providing platform services

The development and operation of business parks represent the trend of localization, professionalization and industrial chain incorporation. The scale of development is indeed important, but the development model with quality enhancement as the core is also crucial for medium and long term development. The Group will adopt a business development model driven by multiple aspects, acquiring leading city-industry projects for enhancing the value of the district and promoting clustering in business park development; at the same time through the use of various entrusted management and operation modes including tenant recruitment, business operation, advisory service, brand marketing, etc., to expand its network across the country and enrich its customer resources; and by the development of informatised data platform to tap and analyse the business data collected from the park areas, to provide comprehensive industry chain management service and increase the proportion of asset-light projects, thereby gradually complete our transformation to a service-oriented company.

On behalf of the Board, I would like to express our heartfelt thanks to all shareholders, investors, partners and customers for their support to the Group and to the management and employees for their unremitting efforts and contributions.

Jiang Xiuwen

Yida China Holdings Limited

Chairman and chief executive officer

16 August 2019

MAJOR EVENTS

JANUARY

The Group and Jcloud signed a strategic cooperation framework agreement to jointly establish the intelligent park.

The Group signed a strategic cooperation agreement with the government of Weicheng District, Weifang, Shandong Province, pursuant to which both parties will jointly develop the Weifang Yida Technology New Park.

The Group was named as a "Responsible Enterprise of the 2018 China Real Estate Annual Red List" at the "10th China Real Estate Seminar and 2018 China Real Estate Annual Awards Presentation Ceremony.

FEBRUARY

The Group and CCEED entered into a cooperative agreement in which the Group provides industrial, planning, architectural design and construction consultation as well as other services for the "Renovation and Upgrade of Urban Village in Tiebei District, Gulou District, Nanjing and the Mufu District Industry Development" project.

MARCH

The Group and Kingsoft Group celebrated their cooperation on creating intelligent cities and parks.

The Group was ranked the 5th among the "Top 30 Industrial Real Estate Operators in China" at the 2019 Annual Guandian Forum organised by Guandian.cn.

The Group was selected as one of the "2019 Top 100 Chinese Real Estate Development Enterprises" at an event organised by China Real Estate Association and the Shanghai E-house China R&D Institute.

APRIL

The Chengdu Yida Tianfu Intelligent Transportation Science and Technology City was named as a "Top 10 Private Enterprises for Project Construction" for its outstanding performance in project construction and promoting investment.

MAY

The Group was awarded "2019 China's Top 100 Listed Real Estate Companies in Comprehensive Strength" and "2019 China's Top 5 Listed Real Estate Companies in Innovation Capability" at the "2019 Chinese Listed Real Estate Companies Assessment Result Announcement" organized by the China Real Estate Association and the China Real Estate Evaluation Centre of Shanghai E-House Real Estate R&D Institute. This is the fifth consecutive year that the Group won this award since the listing in 2014.

Yida Intelligent Industry Development Company Limited was elected as vice president entity of the Shanghai Dalian Chamber of Commerce at the organisation's constitutional meeting in Shanghai.

JUNE

Yida Yuntu and Xiamen Keytop entered into strategic cooperation on intelligent car management at the intelligent park to jointly proceed with the construction of an IOT platform for intelligent parking, free traffic and comfortable working environment for a new lifestyle experience.

The Group won the "Excellent Industry-City Integration Operator" award at the 16th Session of China's (2019) Blue Chip Real Estate Annual Meeting hosted by the Economic Observer newspaper.

The Group won honours including "2019 Top 50 Brand Value of Property Management Enterprises", "Intelligent Park Services-2019 Brand Enterprise of Special Property Service" and "2019 TOP 100 Influential Wechat Official Account by Property Management Companies Media Evaluation" from the China Property Management Association.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

I. Operation of Business Parks Owned by the Group

During the Period, the Group's wholly-owned business parks included Dalian Software Park, Dalian BEST City, Dalian Tiandi and Yida Information Software Park; the Group's partially owned business parks included Wuhan First City (50% stake) and Dalian Ascendas IT Park (50% stake). The total completed gross floor area in the above parks was approximately 2,178,000 square metres, and the area available for leasing was approximately 1,836,000 square metres. During the Period, the Group recorded a rental income of approximately RMB266.70 million, which increased by 26.0% to that of the corresponding period of 2018, which was mainly attributable to the increase in the leasable area during the Period.

The following table shows the business parks owned by the Group (unit: '000 sq.m.):

Business Parks	Equity Interests Held by the Group	Completed Gross Floor Area	Leasable Area: Office Buildings	Leasable Area: Apartments	Leasable Area: Shops	Leasable Area: Parking Spaces	Occupancy Rate at the End of the Period
Dalian Software Park	100%	637	391	180	33	42	93%
Dalian BEST City	100%	147	99	–	7	41	80%
Yida Information Software Park	100%	155	131	–	4	20	59%
Dalian Tiandi	100%	334	207	37	41	38	83%
Wuhan First City	50%	556	130	42	23	97	41%
Dalian Ascendas IT Park[1]	50%	349	206	–	3	64	66%
Total		2,178	1,836				

Note:

1. The financial statements of Dalian Ascendas IT Park are not consolidated, therefore the rental income of the Group excludes the rental income from such park.

Under the trend of industrial upgrading and "city-industry integration", the proportion of service industry as percentage of GDP has increased gradually, and the demand for quality office buildings has been increasingly prominent. The driving force on needs for offices for upstream and downstream industries, promotion of business environment, extension of service chain and upgrade of experience in business parks have become a crucial soft power in the business park competition. Through innovative technology and professional solutions, the Group integrated corporate IT system, assets, business procedures and information assets, assisted corporate tenants to realise products and services driven by information, so as to fulfil the intelligentization demand of customers. During the Period, many renowned enterprises, including some of Fortune Global 500 enterprises, moved into the parks or expanded the rented areas.

Dalian Software Park

Dalian Best City

Nomura Research Institute, one of the top research institutions in Japan in terms of performance, employees and scale, established its base in Dalian Software Park in 2010. After 8 years of cooperation, in May 2019, the Dalian branch of NRI (Beijing) System Integration Company Limited, which is principally engaged in the business of design, research and development as well as operation of business information system, moved into Dalian Software Park. Choosing Dalian Software Park again represents the recognition by Nomura Institute Research on the advantages of the software park, including its exceptional ancillary facilities, abundance of technological talents, geographical environment, etc.

Back in October 2012, Adidas Group firstly established Adidas Commerce Services (Dalian) Company Limited in Dalian Software Park to commence its internal financial sharing business. In June 2019, Adidas continuously increased its rental area in Dalian Software Park through establishing Adidas Global Business Support Centre (GBS) for the provision of integrated public services such as finance, human resources as well as procurement in the Asia Pacific region.

In the first half of 2019, Wuhan was duly approved as and granted the title of "Renowned Software City in China" by the Ministry of Industry and Information Technology. As one of the pioneers to construct and operate the Wuhan Business Park, the Group has overcome many obstacles to transform Wuhan into a renowned software city. During the Period, the Group introduced a series of world renowned software enterprises to Wuhan Software New town, and at the same time promoted the development of the local software enterprises to aid Wuhan to gradually form an integrated hub for software companies with four major features: "internet+, optical communication embedded software, global spatial information and information security".

Wuhan First City

II. Sale of Properties

During the Period, the Group achieved contracted sales of RMB4,463 million, representing an increase of 10.2% over the corresponding period last year, mainly due to the increase in the sales volume of Zhengzhou project during the Period. The average contracted sales price was RMB9,143 per square metre, representing a decrease of 37.9% over the corresponding period last year, mainly due to the increase of the proportion of the sales in Zhengzhou and different types of sold products during the Period. The major sales projects were mostly located in Dalian (57.1% of total contracted sales); Zhengzhou (35.1% of total contracted sales), Wuhan (3.1% of total contracted sales); and mostly in the form of residential property sales, which accounted for 60.5% of the total contracted sales.

During the Period, the segment recorded revenue of RMB1,704.06 million, representing an increase of 9.0% over the corresponding period last year, which was mainly attributable to different structure of products recognised during the Period and average price of each products recognised increased comparing with the same period of last year. The average sales price was RMB16,707 per square metre, representing a year-on-year increase of 30.6%, mainly due to the overall increase in average price of market in Dalian. The projects carried forward during the Period were mainly ordinary residential properties. Revenue-recognised projects were mainly located in Dalian (89% of revenue), Wuhan (8% of revenue) and some other cities.

While consolidating its business in Dalian and focusing on the strategic target of “developing asset-light and asset-heavy businesses simultaneously”, the Group implemented asset-heavy projects in Changsha, Zhengzhou and Hefei for the development of Changsha Yida & CSCEC Intelligent Technology Centre, Changsha Yida Intelligent Manufacturing Village, Yida Zhengzhou Technology New City, Yida Hefei Intelligent Technology City and other projects.

2


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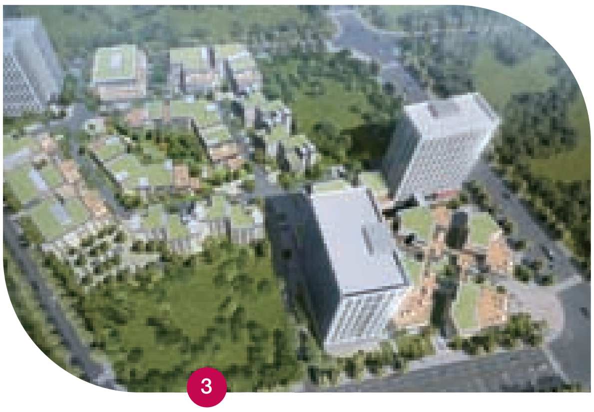
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1 Yida Hekou Bay

2 Zhengzhou Technology New City

3 Chongqing Yida Innovation Plaza

Dalian

In the first half of 2019, new policies regarding talent introduction, subsidy and residency were implemented in Dalian, which significantly increased the attractiveness of the city. The land supply for residential use in urban area in Dalian was relatively low in recent years, and transaction volume in the land auction market was thriving, continuing the momentum of gradual increase in sales of last year. It is expected that the land supply in urban area will further decrease in future, alongside the industry upgrade in Dalian, the development of Jinpu New District and Lvshun District will become the major support to land supply in Dalian. At the same time, the all fronts opening of Xinghai Bay Bridge to traffic and the expansion of the Dalian Metro also significantly reduced the travel distance between High-tech Zone, Lvshun and the downtown area, which enhanced the property value.

The Group continues to launch multiple phases of its landmark project Yida-Hekou Bay in the High-tech Zone, which received strong demand from the market and became one of the projects with the most contracted sales in Dalian in the first half of the year, providing stable support to the Group's performance. The Group has developed its business in Dalian for over 20 years, forming the geographic clustering of property sales, business park operation and ancillary facilities in High-tech District and Ganjingzi District, which has gradually increased the popularity of the brand and recognition from customers.

Wuhan

In the first half of 2019, by following the major policy of "no speculation on residential properties", the overall transaction of property market in Wuhan became more stable, with an aggregate of approximately 98,000 newly-built commercial housing transacted, of which there were approximately 85,000 residential properties, representing an increase of approximately 13% over the corresponding period last year; over 6,000 office units were transacted with a sales area of approximately 400,000 square metres. According to the data published by JLLS, in the first half of the year, the total area of quality offices in Wuhan reached 5.34 million square metres and vacancy rate decreased by 2.4 percentage points as compared with the end of last year. Taking advantage of being the innovative development pilot of service and trading and China's service outsourcing model city, Wuhan has received fruitful results in the development of digital services and digital trading.

Yida Wuhan First City as the flagship project of development of digital economy in Wuhan High-tech Zone, is planned for the promotion of digital economy, focusing on attracting enterprises such as big data, cloud computing, internet as well as 5G technology.

Zhengzhou

In the first half of 2019, the transaction volume of commercial housing in Zhengzhou was approximately 7.26 million square metres, representing an increase of 36% over the corresponding period last year, and the land auction market also exhibited signs of recovery. As the GDP of Zhengzhou is approaching RMB1 trillion and being the sole core city in Henan Province, Zhengzhou effectively absorbed the population from nearby regions. It is expected that factors such as population and capital will further concentrate towards Zhengzhou in the future, driving the development of city cluster in Central China, and further recognise its position as a core city in China. The Group invested to build and operate Zhengzhou Technology New City, which will follow the development strategy of the High-tech Zone industry, through assembling the leading enterprises to promote innovative incubation, further enhances the advantages and innovation of intelligent industry group in Zhengzhou High-tech Zone, and by cooperating with the local government to enhance the regional value.

	Contracted Sales Floor Area (sq.m.)	Contracted Sales Amount (RMB ten thousand)	Average Sales Price (RMB/sq.m.)	Percentage of the Contracted Sales
Dalian	174,437	254,808	14,607	57.1%
Zhengzhou	261,344	156,823	6,001	35.1%
Wuhan	24,643	13,705	5,561	3.1%
Changsha	18,494	12,878	6,963	2.9%
Chengdu	3,918	3,357	8,568	0.8%
Chongqing	4,546	4,134	9,094	0.9%
Shenyang	765	612	8,000	0.1%
Total	488,147	446,317	9,143	100.0%
Dalian Software Park	2,935	870	2,966	0.2%
Dalian BEST City	30,700	38,299	12,475	8.6%
Yida Information Software Park	10,223	9,758	9,545	2.2%
Dalian Tiandi	81,404	157,806	19,386	35.4%
Wuhan First City	24,643	13,705	5,561	3.1%
Zhengzhou Yida Technology New City	261,344	156,823	6,001	35.1%
Chongqing Yida Innovation Plaza	4,546	4,134	9,094	0.9%
Changsha Yida & CSCEC Intelligent Technology Centre	3,800	4,677	12,308	1.0%
Changsha Yida Intelligent Manufacturing Industrial Village	14,694	8,201	5,581	1.8%
Residential properties outside business parks	53,858	52,044	9,663	11.7%
Total	488,147	446,317	9,143	100.0%

Changsha Yida & CSCEC Intelligent Technology Centre

III. Business park operation and management

At the end of the Period, the Group's business parks had a total of 24 operation and management projects, and the total area of entrusted operations and management was approximately 5,290 thousand square metres. During the Period, five new business park operation and management projects were added. During the Period, the revenue generated from business park operation and management amounted to RMB30.47 million, representing a year-on-year increase of 93.5%, mainly due to the increase in entrusted operation projects during the Period.

Phase One of China (Mianyang) Technology City Software Industry Park

Suzhou High-Speed Rail New City

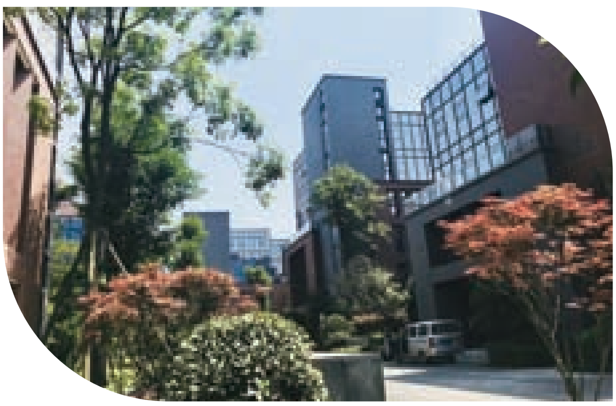
During the Period, the Group successfully recruited more than 160 new tenants, including Fortune Global 500 companies, unicorn enterprises, top 100 companies in various industries and listed companies. As of the end of the Period, there were accumulatively over 800 tenants in the Group's business parks. Making use of Dalian and Changsha as pilots, the Group explored innovative mode for value-added services, further expanding its business model such as BOT business, parking lot management, project application as well as provision of professional training, at the same time focusing on the needs of enterprises in the business parks and integrating advantageous resources to establish long-term cooperation relationship.

The Group fully leverages on the mature business park management experiences such as Dalian Software Park to integrate the service provider resources, establishing value-added business platforms, and attempting to commence "to business" and "to customer" value-added services to break through the business model of "traffic monetization". By relying on the four major business models, namely brand promotion, project expansion, business solicitation and operation and value-added services, the Group actively expands quality project of target cities. During the Period, the Group entered into agreements relating to the operation and management of Zhuzhou Geckor China Power Valley, Wangcheng Moon Island Project, Chongqing Gangcheng Industrial Park, HIT (Yibin) Technology Park as well as Chuzhou Innovative Science and Technology City.

Beijing Zhongguancun No.1

The following table illustrates the Group's entrusted operation and management projects:

	Status	District	Project Name	Contracted Area ('000 sq.m.)	Operation Model
1	Stock in 2018	Shanghai	Yida North Hongqiao Entrepreneur Park	48.0	Business solicitation and operation
2		Suzhou	Suzhou High-Speed Rail New City	255.5	Business solicitation and operation and incubator
3		Shenzhen	Haikexing Sinovac Strategic Emerging Industrial Park	70.6	Business solicitation and operation
4		Changsha	Meixihu Innovation Centre	52.0	Business solicitation and operation
5		Chengdu	Western Beidou Industrial Park	700.0	Business solicitation and operation
6		Hefei	Hefei City Luyang Big Data Industry Park	242.6	Business solicitation and operation
7		Mianyang	Phase One of China (Mianyang) Technology City Software Industry Park	62.6	Business solicitation and operation
8		Harbin	Harbin-Israel International High & New Technology Incubator Complex Industrial Park	89.0	Business solicitation and operation
9		Beijing	Yida Lize Centre	41.0	Charter
10		Shanghai	Yida Waigaoqiao Business Park	13.9	Charter
11		Chongqing	Liangjiang Science and Technology City (Phase I)	195.3	Sales agent, business solicitation and operation
12		Chongqing	Liangjiang Science and Technology City (Phase II)	210.0	Sales agent, business solicitation and operation
13		Huzhou	Zhejiang Huzhou Changxing National Economic Development Zone Project	270.4	Business solicitation and operation
14		Xi'an	Collaborative Innovation Port of Feng Dong New Town	200.0	Business solicitation and operation
15		Beijing	Zhongguancun No. 1	497.8	Business solicitation and operation
16		Changsha	Future Port	300.0	Business solicitation and operation
17		Nanjing	Mufu Green Intelligent Town	440.0	Business solicitation and operation
18		Suzhou	Taicang Port Gangcheng Square	164.2	Business solicitation and operation
19		Shijiazhuang	Hebei Junding Industrial Park	600.0	Business solicitation and operation
20	Newly added in 2019	Chuzhou	Chuzhou Innovative Science and Technology City	211.6	Business solicitation and operation
21		Zhuzhou	Zhuzhou Geckor China Power Valley	245.8	Operation
22		Changsha	Wangcheng Moon Island Project	30.0	Brand promotion
23		Yibin	HIT (Yibin) Technology Park	150.0	Operation
24		Chongqing	Chongqing Gangcheng Industrial Park	200.0	Operation
		Total		5,290.3	



Western Beidou Industrial Park

Yida Lize Centre

IV. Construction, Decoration and Landscaping

During the Period, the construction, decoration and landscaping businesses recorded revenue of RMB109.42 million, representing a decrease of 7.6% from the corresponding period of last year, mainly due to the decrease in contracting external projects during the Period. The Group continued to deepen the strategy of upholding quality and focused on guaranteeing buildings and construction quality and safety. It was appraised by government at all levels for a number of times and was awarded as an outstanding construction enterprise in China and in Liaoning Province.

The Group continued to strengthen the capabilities in construction, decoration and landscaping so as to undertake external projects for stable recurring revenue while supporting the internal business development of the Group. A number of projects were ranked top 3 of district quality inspection, which significantly speeded up the process of expanding the Group's business segments to the whole country.

During the Period, for construction, decoration and landscaping businesses, the Group continued to strengthen construction management, cost management, maintenance management and expanding to external projects in order to be more competitive. With the commencement of projects in Changsha, Chongqing and other cities, the Group actively expanded business into markets in other regions, optimising its internal resources, raising the technical accuracy of its business and market suitability. Through integrating operation of the three businesses, the Group developed a multi-dimensional business model, which improves the construction quality, lowers the cost of production and cultivates the core team, which has played a decisive functional role in internal project services as well as undertaking of external projects.

1 Yida Hekou Bay Construction Site

2 Construction and Landscaping

3 Office Decoration

V. Property Management

During the Period, the Group's property management business recorded revenue of RMB222.02 million, remaining substantially at the same level as that of the corresponding period of last year. The Group upholds the development ideas of "improving service level, increasing performance, and expanding business", and through establishing platforms of informatisation and digitalisation, gradually transforms to intelligent servicing.

In 2019, the Group's property management business was awarded three honours namely the "2019 Top 50 Brand Value in Property Services Enterprises", "Intelligent Park Service 2019 Special Property Service Brand Enterprise" and "2019 TOP 100 Influential Wechat Official Account by Property Management Companies Media Evaluation in China" as appraised by the China Property Management Association.

Residential Property Management

During the Period, the Group operated three new residential property projects with an operation area of 781 thousand square metres, making its total residential property projects under operation reach 73 with an operation area of 11,241 thousand square metres, covering multiple community service projects such as new retail, food and beverage, leasing and sales, education, elderly care as well as household service. For many years, with the cloud platform of Yida property intelligent management, E-family APP2.0 and other systems, the Group strives to upgrade its property management service, actively exploring different value-added services, and services such as high-end elderly care, "Puyangfanghua", new retail in the community, "Yida Select", "Yida Realtor", community education as well as high-end household servcie were launched, aiming to provide quality and caring services in the whole industry chain for its customers.

Yida Elderly Care – Puyangfanghua Blue Mountain International Nursing Centre is officially in operation, which provides services such as day-to-day care, rehabilitation, health management as well as catering management, and introduces Japanese elderly care concept and service standards, striving to target Puyangfanghua as a top-notch elderly care brand, and improve the community service system.

Puyangfanghua-Blue Mountain Nursing

Yishi Baiwei Intelligent Restaurant

Office Property Management

During the Period, the Group operated six new office property management projects with an area under management of 474 thousand square metres, making its total gross floor area under operation reach 3,550 thousand square metres. The Group strengthened its presence in cities like Dalian, Suzhou, Hangzhou, Chongqing, Wuhan and Mianyang, making steady progress towards its objective of business coverage across the country. At the same time, the Company will continue leveraging on its successful experience in serving business parks, office buildings, government authorities and tertiary institutions to enhance its profitability.

With over 20 years of experience in developing and operating business parks and serving Fortune Global 500 enterprises, and supported by its all-rounded solutions, development of application of digital visualisation, intelligent assets management platform, industry service platform as well as park IOT platform provided by Yida Yuntu, a wholly-owned subsidiary of the Group, the Group strives to establish real-estate digitalised operating services for industry, and forming a leading standardised office property management system in the country, so as to increase asset value. Through analysing different type of customers, continuous monitoring of each facility and providing the required value-added services on a timely basis, the Group provides quality services for its customers to create a more comfortable working environment.

VI. Land Reserves

As at 30 June 2019, total GFA of the Group's land reserves was approximately 9.75 million square metres. The GFA of the land reserves attributable to the Group was approximately 8.18 million square metres.

With comprehensive city-industry development as core business, the Group has succeeded in the bid of the land in Zhengzhou for constructing phase two of Zhengzhou Technology New City at High-tech Zone in June. It is expected that the GFA of Zhengzhou Technology New City Project will be expanded to approximately 700,000 square metres.

The Group will also seize merger and acquisition opportunities brought by the overall trend of the real estate market, obtain suitable asset-heavy projects at proper time, including but not limited to business parks, standalone office properties, standalone residential properties and urban complex projects.

Zhengzhou Technology New City Project perspective

Changsha Yida & CSCEC Intelligent Technology Centre

The following table sets forth a breakdown of the Group's land reserves as at 30 June 2019:

By City	Total GFA of land reserves (sq.m.)	Proportion	Attributable GFA of land reserves (sq.m.)	Proportion
Dalian	6,802,376	69.7%	6,147,643	75.1%
Wuhan	913,793	9.4%	456,896	5.6%
Chengdu	126,785	1.3%	86,393	1.0%
Shenyang	5,460	0.1%	5,460	0.1%
Changsha	1,183,505	12.1%	767,831	9.4%
Zhengzhou	329,212	3.4%	329,212	4.0%
Chongqing	103,250	1.0%	103,250	1.3%
Hefei	288,191	3.0%	288,191	3.5%
Total	9,752,572	100%	8,184,876	100.0%

By Location	Total GFA of land reserves (sq.m.)	Proportion	Attributable GFA of land reserves (sq.m.)	Proportion
Within Business Parks	7,609,884	78.0%	6,550,444	80.0%
Outside Business Parks	2,142,688	22.0%	1,634,432	20.0%
Total	9,752,572	100.0%	8,184,876	100.0%

Wuhan First City

Business Parks/Multi-functional, Integrated Residential Community Projects	Equity Interests Held by the Group	GFA Completed Remaining Leasable/ Saleable (sq.m.)	GFA Under Development (sq.m.)	GFA Held for Future Development (sq.m.)
Business Parks				
Dalian Software Park				
Office	100%	594,938	–	–
Residential	100%	92,998	–	–
Subtotal	100%	687,936	–	–
Dalian BEST City				
Office	100%	131,440	182,317	491,888
Residential	100%	290,361	8,149	–
Subtotal	100%	421,801	190,466	491,888
Wuhan First City				
Office	50%	268,531	73,941	434,560
Residential	50%	3,662	–	133,100
Subtotal	50%	272,193	73,941	567,660
Yida Information Software Park				
Office	100%	149,014	–	118,798
Residential	100%	357,663	113,913	–
Subtotal	100%	506,677	113,913	118,798
Dalian Ascendas IT Park				
Office	50%	202,530	–	91,918
Subtotal	50%	202,530	–	91,918
Dalian Tiandi				
Office	100%	323,000	299,655	1,020,175
Residential	100%	87,922	424,333	–
Subtotal	100%	410,922	723,988	1,020,175
Chengdu Tianfu Intelligent Transportation Science and Technology City				
Office	60%	–	99,111	–

Business Parks/Multi-functional, Integrated Residential Community Projects	Equity Interests Held by the Group	GFA Completed Remaining Leasable/ Saleable (sq.m.)	GFA Under Development (sq.m.)	GFA Held for Future Development (sq.m.)
Subtotal	60%	–	99,111	–
Changsha Yida & CSCEC Intelligent Technology Centre				
Office	51%	–	207,182	111,886
Subtotal	51%	–	207,182	111,886
Changsha Yida Intelligent Manufacturing Industrial Village				
Office	70%	–	–	412,202
Residential	70%	–	284,016	168,219
Subtotal	70%	–	284,016	580,421
Zhengzhou Yida New Technology City				
Office	100%	–	97,689	231,523
Subtotal	100%	–	97,689	231,523
Chongqing Yida Intelligent Plaza				
Office	100%	–	103,250	–
Subtotal	100%	–	103,250	–
Projects Within Business Parks Subtotal		2,502,059	1,893,556	3,214,269
Projects Outside Business Parks				
Dalian	25%-100%	417,059	805,599	598,706
Chengdu	80%-100%	23,937	–	3,737
Shenyang	100%	5,460	–	–
Hefei	100%	–	–	288,191
Projects Outside Business Parks Subtotal		446,456	805,599	890,633
Total		2,948,515	2,699,155	4,104,902

FINANCIAL REVIEW

Revenue

The sources of revenue of the Group primarily include (1) revenue from sales of properties; (2) rental income; (3) income from providing business park operation and management services; (4) income from providing construction, decoration and landscaping services; and (5) income from property management services.

During the Period, the revenue of the Group was RMB2,332.66 million, representing an increase of 9.0% from the corresponding period of last year.

The following table sets forth a breakdown of the revenue for the periods indicated:

	For the six months ended 30 June			
	2019		2018	
	Amount RMB'000	**% of total amount**	Amount RMB'000	% of total amount
Revenue from sales of properties	**1,704,057**	**73.1%**	1,563,678	73.1%
Rental income	**266,698**	**11.4%**	211,703	9.9%
Business park operation and management services income	**30,467**	**1.3%**	15,748	0.8%
Construction, decoration and landscaping income	**109,419**	**4.7%**	118,457	5.5%
Property management income	**222,018**	**9.5%**	229,678	10.7%
Total	**2,332,659**	**100%**	2,139,264	100.0%

(1) Revenue from sales of properties

The Group's revenue arising from sales of residential properties within and outside business parks and office properties for the Period was RMB1,704.06 million, representing an increase of 9.0% from the corresponding period of last year, which was mainly attributable to different structure of products recognised during the Period and the increase of average price of each products recognised comparing with the corresponding period of last year.

(2) Rental income

The Group's rental income derived from operation of business parks owned by the Group for the Period amounted to RMB266.70 million, representing an increase of 26.0% from the corresponding period of last year, which was mainly attributable to the increase in the leasable area.

(3) Business park operation and management services income

During the Period, the income arising from business park operation and management services provided by the Group amounted to RMB30.47 million, representing an increase of 93.5% from the corresponding period of last year, which was mainly attributable to the increase in entrusted operation projects during the Period.

(4) Construction, decoration and landscaping income

During the Period, the income derived from construction, decoration and landscaping services provided by the Group amounted to RMB109.42 million, representing a decrease of 7.6% from the corresponding period of last year, which was mainly attributable to the decrease in contracting external projects during the Period.

(5) Property management income

During the Period, the income derived from property management service provided by the Group amounted to RMB222.02 million, remaining substantially at the same level as that of the corresponding period of last year.

Cost of Sales

The cost of sales of the Group during the Period amounted to RMB1,306.08 million, representing a decrease of 17.8% from the corresponding period of last year, which was mainly attributable to different structure of products recognised during the Period.

Gross Profit and Gross Profit Margin

The gross profit of the Group during the Period amounted to RMB1,026.58 million, representing an increase of 86.6% from the corresponding period of last year; which was mainly attributable to the different structure of products recognised during the Period and corresponding average price of each products recognised increased comparing with the corresponding period of last year.

Other Income

Other income of the Group include interest income and government subsidy. During the Period, other income of the Group were RMB14.64 million, representing a decrease of approximately RMB29.95 million as compared to the corresponding period of 2018, which was mainly attributable to interest from structured deposit in the corresponding period of last year, whereas there was no such income during the Period.

Sales and Marketing Expenses

The sales and marketing expenses of the Group decreased by 12.6% to RMB87.42 million from RMB99.98 million in the corresponding period of last year, which was mainly attributable to the decrease in advertising expenses and labour costs during the Period.

Administrative Expenses

The administrative expenses of the Group for the period amounted to RMB187.36 million for the Period which was more or less at the same level of RMB191.09 million in the corresponding period of 2018.

Net Other Gains

The net other gains of the Group decreased by RMB728.62 million to RMB7.39 million as compared with the corresponding period of 2018, which was mainly attributable to the gain of RMB630 million on bargain purchase arising from obtaining the control of a joint venture in the corresponding period of 2018.

Fair Value Gains/(Losses) on Investment Properties

The fair value gains/(losses) on investment properties of the Group decreased from the gains of RMB8.61 million in the corresponding period of 2018 to the losses of RMB11.18 million during the Period, which was mainly due to the loss incurred in fair value of right-of-use assets as a result of the adoption of HKFRS16 during the Period.

Finance Costs

The finance costs of the Group decreased by 25.2% to RMB306.77 million during the Period from RMB409.97 million in the corresponding period of 2018, which was primarily attributable to the decrease in interest-bearing liabilities and the increase in amount capitalised of finance costs.

Share of Profits and Losses of Joint Ventures and Associates

During the Period, the Group's share of profits and losses of joint ventures and associates was a net gain of RMB22.52 million, representing an increase of approximately RMB 54.67 million as compared with the corresponding period of last year, which was mainly attributable to equity pick-up of profits from Dalian Software Park Ascendas Development Company Limited during the Period.

Income Tax Expenses

The income tax expenses of the Group include corporate income tax, land appreciation tax and deferred income tax. The income tax expenses of the Group increased by 39.6% to RMB224.46 million during the Period from RMB160.82 million in the corresponding period of 2018, which was mainly attributable to increase in LAT of the recognised projects during the Period.

Profit for the Period

As a result of the foregoing, the profit before tax of the Group decreased by 18.6% to RMB484.15 million during the Period from RMB594.91 million for the corresponding period of 2018.

The net profit of the Group decreased by 40.2% to RMB259.68 million during the Period from RMB434.09 million for the corresponding period of 2018.

The net profit attributable to equity owners decreased by 35.4% to RMB298.52 million during the Period from RMB462.42 million for the corresponding period of 2018.

The core net profit attributable to equity owners (excluding effects of fair value gains on investment properties, net of tax) decreased to RMB306.90 million during the Period from RMB455.95 million for the corresponding period of 2018.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 30 June 2019, the Group had cash and bank balances of approximately RMB1,308.37 million (including restricted cash of approximately RMB485.09 million) (31 December 2018: cash and bank balances of approximately RMB1,806.26 million, including restricted cash of approximately RMB728.49 million).

Debts

As at 30 June 2019, the Group had bank and other borrowings of approximately RMB14,593.36 million (31 December 2018: approximately RMB17,026.73 million), of which:

(1) By Loan Type

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Secured bank loans	**7,123,923**	7,870,955
Secured other borrowings	**4,735,639**	4,850,185
Unsecured other borrowings	**2,733,794**	4,305,585
	14,593,356	17,026,725

(2) By Maturity Date

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within one year or on demand	**11,580,776**	12,651,205
In the second year	**3,012,580**	4,009,332
In the third to fifth year	**–**	366,188
Beyond five years	**–**	–
	14,593,356	17,026,725

Debt Ratio

The net gearing ratio (net debt, including interest-bearing bank and other borrowings, less cash and cash equivalents and restricted cash, divided by the total equity) of the Group was approximately 109.2% as at 30 June 2019, which decreased by 19.4 percentage points as compared to 128.6% as at 31 December 2018.

Foreign Exchange Risks

The functional currency of the Group is RMB and most transactions were denominated in RMB. As at 30 June 2019, the Group had cash and bank balances (including restricted cash) of approximately RMB55.57 million and approximately RMB3.78 million denominated in Hong Kong dollars and USD, respectively. All such amounts were exposed to foreign currency risks. The Group currently has no foreign currency hedging policies, but the management monitors foreign exchange risks and will consider hedging significant foreign exchange risks when necessary.

Contingent Liabilities

The Group enters into arrangements with PRC commercial banks to provide mortgage facilities to its customers to purchase the Group's properties. In accordance with industry practice, the Group is required to provide guarantees to these banks in respect of mortgages provided to such customers. Guarantees for such mortgages are generally discharged at the earlier of: (i) registration of mortgage interest to the bank, or (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers. As at 30 June 2019, the Group provided guarantees of approximately RMB329.88 million to commercial banks in the PRC in respect of mortgage loans granted to the customers of the Group (31 December 2018: approximately RMB324.05 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group had 1,921 full-time employees. The Group remunerates its staff based on the performances and work experiences of the employees and the current market salary level.

The Group regularly reviews the remuneration policy and plan and will make necessary adjustments to make it in line with the industry salary standards.

SOCIAL RESPONSIBILITY

In June 2019, the Group commenced the targeted education alleviation, donated two sets of “Yida’s Sound of Love” music room instrument (286 pieces in total) to Lushi County Xu Jia Bay Countryside Central Primary School and Shuang Longwan Town Central Primary School. With the good will of providing music education to children in countryside, the Group consistently explored its role and method to participate in providing basic cultural education, actively established the music room construction platform of “aiding, teaching, researching and utilising”, actively promoting the development of music and arts education for children in remote mountainous areas. After 9 years of diligent work, the Group had donated for the construction of music rooms in areas such as Liaoning, Inner Mongolia, Jilin, Hebei as well as Hubei, provided music education for more than 60 thousands children in poor mountainous area, to undertake the social responsibility of driving district cultural business development and enhancing basic cultural and arts education.

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1 “Yida Charity Teaching Lesson” Donation Ceremony

2 “Yi Family, We Connect” Team-building Activities

3 The 17th Dalian International Walking Event

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2019, the interests and short positions of each of the Directors and chief executives of the Company in the shares and underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(I) Interest in the shares and underlying shares of the Company

Name of Director	Capacity/Nature of interest	Number of shares held(1)	Approximate percentage in the Company's issued share capital as at 30 June 2019
Mr. Jiang Xiuwen	Interest of controlled corporation	68,600,000(L)(2)	2.65%
Mr. Wang Gang	Interest of controlled corporation	69,200,000(L)(3)	2.68%

Notes:

(1) The letter "L" denotes the person's long position in such securities.

(2) Mr. Jiang Xiuwen beneficially owns the entire issued share capital of Grace Excellence Limited, Wonderful High Limited and Everest Everlasting Limited, which in total own 74.21% of the issued share capital of Keen High Keen Source Limited. Keen High Keen Source Limited owns 2.65% of the issued share capital of the Company. By virtue of the SFO, Mr. Jiang Xiuwen is deemed to be interested in the shares of the Company held by Keen High Keen Source Limited.

(3) Mr. Wang Gang beneficially owns the entire issued share capital of Mighty Equity Limited, which in turn owns 34.52% of the issued share capital of Grace Sky Harmony Limited. Grace Sky Harmony Limited owns 2.68% of the issued share capital of the Company. By virtue of the SFO, Mr. Wang Gang is deemed to be interested in the shares of the Company held by Grace Sky Harmony Limited.

(II) Interest in associated corporations of the Company

Name of Director	Name of associated corporation	Capacity	Number of shares(1)	Percentage of the issued share capital of such associated corporation held as at 30 June 2019
Mr. Jiang Xiuwen	Keen High Keen Source Limited	Interest of controlled corporation	5,180(L)(2)	74.21%
Mr. Wang Gang	Grace Sky Harmony Limited	Interest of controlled corporation	2,430(L)(3)	34.52%

Notes:

(1) The letter "L" denotes the person's long position in such securities.

(2) These shares are held by Grace Excellence Limited with 3,000 shares, Everest Everlasting Limited with 180 shares and Wonderful High Limited with 2,000 shares, which are wholly owned by Mr. Jiang Xiuwen.

(3) These shares are held by Mighty Equity Limited, which is wholly owned by Mr. Wang Gang.

(III) Interest in debentures of the Company

US$300 million 6.95% senior notes due 2020 ("2020 USD Notes")

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of the interest in the 2020 USD Notes as at 30 June 2019
Mr. Guo Shaomu	Beneficial owner	USD200,000	0.07%(1)
Mr. Yip Wai Ming	Beneficial owner	USD200,000	0.07%(1)

Note:

(1) The percentage of interest is based on the aggregate principal amount of the 2020 USD Notes.

Save as disclosed above, as at 30 June 2019, none of the Directors and chief executive of the Company and/or their respective associates had, or were deemed to have, any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2019, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions had interests or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of shares held(1)	Approximate percentage in the Company's issued share capital as at 30 June 2019
Jiayou (International) Investment Limited (2)	Beneficial owner	1,578,751,750(L)	61.10%
Jiahuang (Holdings) Investment Limited (2)	Interest of corporation controlled by the substantial shareholder	1,578,751,750(L)	61.10%
Jiaxin Investment (Shanghai) Co., Ltd. (2)	Interest of corporation controlled by the substantial shareholder	1,578,751,750(L)	61.10%
China Minsheng Jiaye Investment Co., Ltd. (2)	Interest of corporation controlled by the substantial shareholder	1,578,751,750(L)	61.10%
China Minsheng Investment Corp., Ltd. (2)	Interest of corporation controlled by the substantial shareholder	1,578,751,750(L)	61.10%
Mr. Sun Yinhuan (3)	Founder of a discretionary trust	241,400,000(L)	9.34%
TMF (Cayman) Ltd. (3)	Trustee	241,400,000 (L)	9.34%
Right Ying Holdings Limited (3)	Interest of controlled corporation	241,400,000 (L)	9.34%
Right Won Management Limited (3)	Beneficial owner	241,400,000(L)	9.34%

Notes:

(1) The letter "L" denotes the person's long position in such securities.

(2) China Minsheng Investment Corp., Ltd ("China Minsheng") owns 63.72% share equity of China Minsheng Jiaye Investment Co., Ltd ("CMIG Jiaye"). Jiaxin Investment (Shanghai) Co., Ltd. ("Jiaxin") is beneficially owned by CMIG Jiaye. Jiahuang (Holdings) Investment Limited ("Jiahuang") is beneficially wholly-owned by Jiaxin. Jiayou (International) Investment Limited ("Jiayou") is beneficially wholly-owned by Jiahuang. By virtue of the SFO, China Minsheng, CMIG Jiaye, Jiaxin and Jiahuang are deemed to hold equity interest in 1,578,751,750 shares of the Company held by Jiayou.

(3) The entire issued share capital of Right Won Management Limited is held by TMF (Cayman) Ltd. (as the trustee of The Right Ying Trust) through Right Ying Holdings Limited. The entire issued share capital of Right Ying Holdings Limited is held by TMF Cayman Ltd. The Right Ying Trust is a discretionary trust established by Mr. Sun Yinhuan on 14 November 2018. The beneficiaries of The Right Ying Trust include Mr. Sun Yinhuan and certain of his family members.

Save as disclosed above, as at 30 June 2019, there was no other person, other than a Director or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved not to declare any payment of interim dividend for the six months ended 30 June 2019.

A final cash dividend (the "**Final Dividend**") of RMB8 cents per share for the year ended 31 December 2017 was originally scheduled to be paid on or around 18 July 2018 to the shareholders of the Company whose names appear on the register of members of the Company on 25 June 2018. The payment of the Final Dividend was approved at the annual general meeting of the Company held on 14 June 2018. Due to the latest financial condition of the Company, the payment of the Final Dividend has been delayed, and it is currently expected that the Final Dividend will be paid around 31 December 2019. For further details, please refer to the announcements of the Company dated 28 September 2018, 28 December 2018, 29 March 2019, 12 April 2019 and 25 June 2019.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in the management of the Group. The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules. During the Period, except for the deviation from CG Code A.2.1 which provides that the roles of chairman and chief executive officer should be separate and not be performed by the same individual, the Company has complied with all the code provisions set out in the CG Code.

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Jiang Xiuwen serves as the chairman and chief executive officer of the Company and is responsible for overseeing the operations of the Group. The Board has considered the merits of separating the roles of the chairman and chief executive officer but is of the view that it is in the best interests of the Company to vest the two roles in Mr. Jiang Xiuwen. The Board will nevertheless review the relevant structure from time to time in light of the prevailing circumstances.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code for securities transactions by the Directors. The Company has made specific enquiry with each of the Directors and all Directors have confirmed that they complied with the Model Code throughout the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the Period, the Group did not have any material acquisitions and disposals of subsidiaries or affiliated companies.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 1 June 2014. During the Period, no share options have been granted under the share option scheme.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") on 1 June 2014 with written terms of reference, which was amended on 10 December 2015 and 28 December 2018, in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process and perform other duties and responsibilities as assigned by the Board. The Audit Committee consists of four independent non-executive Directors, namely Mr. Yip Wai Ming, Mr. Guo Shaomu, Mr. Wang Yinping and Mr. Han Gensheng, with Mr. Yip Wai Ming acting as the chairman of the Audit Committee. In compliance with Rule 3.21 of the Listing Rules, the chairman of the Audit Committee has appropriate professional qualifications.

REVIEW OF THE INTERIM RESULTS

The unaudited interim results of the Group for the six months ended 30 June 2019 and this report have been reviewed and approved by the Audit Committee.

DISCLOSURE PURSUANT TO RULE 13.19 AND RULE 13.21 OF THE LISTING RULES

Reference is made to the announcements of the Company dated 10 April 2019, 18 April 2019, 22 April 2019 and 10 June 2019.

In February 2019, an asset freeze order was imposed on the Company's controlling shareholder, China Minsheng Investment Corp., Ltd. ("**China Minsheng**"), who indirectly held as to approximately 61.11% interests in the Company as at 30 June 2019, in relation to its equity interests in China Minsheng Jiaye Investment Co., Ltd. (中民嘉業投資有限公司) ("**Minsheng Jiaye**") and China Minsheng Bund Real Estate Development Co, Ltd. (中民外灘房地產開發有限公司) for the period of three years, and upon the release of such freeze order and in March 2019, another freeze order was imposed on China Minsheng in relation to its equity interests in Minsheng Jiaye for a period of another three years (the "**Assets Freeze**").

As a result of the imposition of the Assets Freeze on China Minsheng, it had technically resulted in the occurrence of certain triggering events (the "**Triggering Events**") under certain loan agreements entered into by the Group in the aggregate outstanding principal amount of approximately RMB4,277 million (the "**Yida Loans**"). As a result of such Triggering Events, the respective lenders of the Yida Loans may demand immediate repayment of the outstanding loans, accrued interests and all other amounts accrued or outstanding under the Yida Loans.

As stated in the announcement of the Company dated 22 April 2019, the Company was further notified by Minsheng Jiaye in relation to the financial difficulties faced by China Minsheng (the "**Liquidity Difficulties of China Minsheng**"). As a result of the Liquidity Difficulties of China Minsheng, it has technically further resulted in the occurrence of certain triggering events under certain loan agreements entered into by the Group. As a result of which, the amount of the Yida Loans of which the respective lenders may demand immediate repayment had increased.

Subsequent to the publication of the announcements dated 10 April 2019 and 22 April 2019, certain banks and financial institutions have indicated to the Company that they would not enter into new loan agreements with the Group until the Liquidity Difficulties of China Minsheng are resolved, and one of the financial institutions has since suspended further drawdowns of the Group's existing borrowings. As stated in the announcement of the Company dated 10 June 2019, the Company continues to maintain ongoing discussions with the relevant banks and financial institutions in relation to the financing arrangement with the Company way forward, and the Company is assessing the potential impact on the financial condition and cash position of the Group under the circumstances, and at the same time is also exploring alternative sources of financing as and when needed. As at 30 June 2019, the Yida Loans of which the respective lenders may demand immediate repayment amounted to RMB7,980 million.

As of the date of this report, no relevant lender had demand for immediate repayment of the Yida Loans. Further, The operation of the Group, including its pre-sale and receivables collection, remains normal. The operating financial condition and cash position of the Company remain stable, and the overall operating condition remains healthy.

Where the circumstances giving rise to the obligations under Rule 13.19 of the Listing Rules continue to exist, the Company will include relevant disclosures in subsequent annual and interim reports in accordance with Rule 13.21 of the Listing Rules, and will disclose further developments on this matter by way of further announcement(s) in a timely manner in accordance with requirements under the Listing Rules.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Notes	Six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
REVENUE	8	**2,332,659**	2,139,264
Cost of sales	10	**(1,306,079)**	(1,589,059)
Gross profit		**1,026,580**	550,205
Other income	9	**14,638**	44,587
Fair value (losses)/gains on investment properties	16	**(11,182)**	8,617
Net reversal/(charge) of impairment losses on financial and contract assets		**5,751**	(11,304)
Other gains – net		**7,388**	736,006
Selling and marketing expenses	10	**(87,418)**	(99,983)
Administrative expenses	10	**(187,360)**	(191,096)
Finance costs – net	11	**(306,772)**	(409,969)
Share of profits and losses of joint ventures and associates		**22,522**	(32,151)
PROFIT BEFORE INCOME TAX		**484,147**	594,912
Income tax expenses	12	**(224,466)**	(160,822)
PROFIT FOR THE PERIOD		**259,681**	434,090
Attributable to:			
Owners of the Company		**298,521**	462,419
Non-controlling interests		**(38,840)**	(28,329)
		259,681	434,090
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (RMB per share)	14	**11.55 cents**	17.90 cents

The notes set out on pages 42 to 78 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD		**259,681**	434,090
Other comprehensive income/(losses) which may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**–**	(59,268)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**259,681**	374,822
Attributable to:			
Owners of the Company		**298,521**	403,151
Non-controlling interests		**(38,840)**	(28,329)
		259,681	374,822

The notes set out on pages 42 to 78 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	**125,932**	93,868
Investment properties	16	**19,108,006**	18,604,066
Investments in joint ventures		**1,807,670**	1,780,760
Investments in associates		**14,249**	21,300
Prepayments for acquisition of land		**2,643,428**	2,555,067
Prepayments and other receivables	18	**12,534**	22,934
Intangible assets		**40,200**	32,959
Deferred tax assets		**201,343**	150,820
Total non-current assets		**23,953,362**	23,261,774
CURRENT ASSETS			
Inventories		**79,166**	14,658
Land held for development for sale	17	**1,535,743**	1,111,781
Properties under development		**5,954,513**	5,121,082
Completed properties held for sale		**5,340,312**	5,453,716
Prepayments for acquisition of land		**549,299**	1,121,228
Contract assets		**152,616**	140,242
Trade receivables	19	**685,724**	1,186,619
Prepayments, deposits and other receivables	18	**3,226,741**	3,463,103
Prepaid corporate income tax		**131,529**	143,720
Prepaid land appreciation tax		**242,377**	262,178
Restricted cash	20	**485,089**	728,486
Cash and cash equivalents	20	**823,283**	1,077,775
Total current assets		**19,206,392**	19,824,588
TOTAL ASSETS		**43,159,754**	43,086,362

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2019

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
LIABILITIES			
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	24	**3,012,580**	4,375,520
Lease liabilities		**401,819**	–
Deferred tax liabilities		**2,490,228**	2,516,583
Other non-current liabilities		**1,572**	–
Total non-current liabilities		**5,906,199**	6,892,103
CURRENT LIABILITIES			
Contract liabilities	21	**4,243,261**	3,046,881
Trade payables	22	**3,026,521**	2,716,306
Other payables and accruals	23	**4,149,276**	4,138,083
Derivative financial instruments	25	**780,813**	746,708
Interest-bearing bank and other borrowings	24	**11,580,776**	12,651,205
Lease liabilities		**62,938**	–
Corporate income tax payable		**515,217**	469,079
Provision for land appreciation tax		**729,299**	587,438
Total current liabilities		**25,088,101**	24,355,700
TOTAL LIABILITIES		**30,994,300**	31,247,803
EQUITY			
Equity attributable to owners of the Company			
Issued capital	26	**159,418**	159,418
Reserves		**11,545,937**	11,215,526
		11,705,355	11,374,944
Non-controlling interests		**460,099**	463,615
TOTAL EQUITY		**12,165,454**	11,838,559
NET CURRENT LIABILITIES		**(5,881,709)**	(4,531,112)
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,071,653**	18,730,662

The notes set out on pages 42 to 78 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company						
	Issued capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
(Unaudited)							
Balance at 1 January 2019	159,418	1,288,734	979,427	8,947,365	11,374,944	463,615	11,838,559
Comprehensive income							
Profit for the period	–	–	–	298,521	298,521	(38,840)	259,681
Other comprehensive income/(losses)	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	298,521	298,521	(38,840)	259,681
Transactions with owners in their capacity as owners:							
Capital contribution from non-controlling interests of a subsidiary	–	–	–	–	–	67,214	67,214
Disposal of equity interests in subsidiaries without loss of control	–	–	31,890	–	31,890	(31,890)	–
Appropriation to surplus reserve	–	–	44	(44)	–	–	–
Balance at 30 June 2019	159,418	1,288,734	1,011,361	9,245,842	11,705,355	460,099	12,165,454

	Attributable to owners of the Company						
	Issued capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
(Unaudited)							
Balance at 1 January 2018	159,418	1,495,452	918,934	8,164,375	10,738,179	404,727	11,142,906
Changes in accounting policies	–	–	–	(11,463)	(11,463)	–	(11,463)
Restated balance at 1 January 2018	159,418	1,495,452	918,934	8,152,912	10,726,716	404,727	11,131,443
Comprehensive income							
Profit for the period	–	–	–	462,419	462,419	(28,329)	434,090
Other comprehensive income/(losses):							
Exchange differences	–	–	(59,268)	–	(59,268)	–	(59,268)
Total comprehensive income for the period	–	–	(59,268)	462,419	403,151	(28,329)	374,822
Transaction with owners in their capacity as owners:							
Capital contribution from non-controlling interests of a subsidiary	–	–	–	–	–	19,000	19,000
Appropriation to surplus reserve	–	–	39,329	(39,329)	–	–	–
2017 final dividend	–	(206,718)	–	–	(206,718)	(97,549)	(304,267)
Balance at 30 June 2018	159,418	1,288,734	898,995	8,576,002	10,923,149	297,849	11,220,998

The notes set out on pages 42 to 78 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Notes	Six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Cash flows from operating activities			
Profit before income tax	10	**484,147**	594,912
Adjustments for:			
Depreciation	10	**16,543**	8,085
Amortisation of intangible assets	10	**5,492**	3,493
Fair value losses/(gains) on investment properties	16	**11,182**	(8,617)
Fair value losses on derivative financial instruments		**34,105**	63,082
Share of profits and losses of joint ventures and associates		**(22,522)**	32,151
Finance costs – net	11	**306,772**	409,969
Interest income	9	**(9,593)**	(37,472)
Net (reversal)/charge of impairment losses on financial and contract assets		**(5,751)**	11,304
Other gains		**(48,995)**	(793,984)
		771,380	282,923
Increase in inventories		**(62,233)**	(39,744)
(Increase)/decrease in properties under development		**(482,315)**	532,487
Decrease in completed properties held for sale		**113,404**	214,286
Increase in land held for development for sale		**(423,962)**	–
Decrease/(increase) in prepayments for acquisition of land		**483,568**	(675,838)
Increase in gross amounts due from contract customers and contract assets		**(12,387)**	(12,074)
Decrease in trade receivables		**529,232**	304,234
Decrease in prepayments, deposits and other receivables		**288,151**	3,171,876
Increase in trade payables		**295,651**	1,047,504
Increase/(decrease) in other payables and accruals		**274,410**	(4,369,813)
Increase in receipts in advance, gross amounts due to contract customers and contract liabilities		**1,194,518**	372,238
Increase in other non-current liabilities		**1,572**	–
Cash generated from operations		**2,970,989**	828,079
Interest received		**9,593**	37,472
PRC corporate income tax paid		**(49,152)**	(168,479)
PRC land appreciation tax paid		**(53,679)**	(65,651)
Net cash from operating activities		**2,877,751**	631,421

	Notes	Six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Cash flows from investing activities			
Decrease/(increase) in amounts due from joint ventures and associates		**22,941**	(1,104,027)
Purchases of property, plant and equipment		**(7,699)**	(9,965)
Purchases of intangible assets		**(12,188)**	(4,199)
Investment in a joint venture		**(10,000)**	–
Net payment for acquisition of subsidiaries		**(510,405)**	(36,809)
(Additions to)/proceeds from disposal of investment properties	16	**(76,775)**	21,796
Proceeds from disposal of items of property, plant and equipment		**370**	–
Decrease in restricted cash	20	**243,397**	436,412
Dividends received		**5,000**	–
Net cash used in investing activities		**(345,359)**	(696,792)
Cash flows from financing activities			
Increase in amounts due to non-controlling interests		**221,260**	–
Capital contribution from non-controlling interests		**67,214**	19,000
Interest paid		**(611,354)**	(672,727)
Principal elements of lease payments		**(30,635)**	–
New bank and other borrowings		**2,592,818**	3,020,794
Repayment of bank and other borrowings		**(5,026,187)**	(3,260,441)
Net cash used in financing activities		**(2,786,884)**	(893,374)
Net decrease in cash and cash equivalents		**(254,492)**	(958,745)
Cash and cash equivalents at beginning of period		**1,077,775**	1,484,138
Cash and cash equivalents at end of period			
Representing cash and bank balances		**823,283**	525,393

The notes set out on pages 42 to 78 are an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2019

1. CORPORATE AND GROUP INFORMATION

Yida China Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 26 November 2007 as an exempted company with limited liability under the Companies Law, Cap 22 of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the six months ended 30 June 2019, the Company and its subsidiaries (collectively referred to as the "**Group**") were principally involved in property development, property investment, business park operation and management, property construction, decoration and landscaping and property management in Dalian, Wuhan, Shenyang, Beijing, Shanghai, Zhengzhou, Hefei, Xi'an, Suzhou, Hangzhou, Shenzhen, Changsha, Chongqing and Chengdu, the People's Republic of China (the "**PRC**").

In the opinion of the directors of the Company (the "**Directors**"), the holding company of the Company is Jiayou (International) Investment Limited ("**Jiayou**"), which is incorporated in the British Virgin Islands (the "**BVI**"), and the ultimate holding company of the Company is China Minsheng Investment Corp., Ltd..

The unaudited condensed consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated and were approved and authorized for issue by the Board of Directors of the Company on 16 August 2019.

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2019 have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments and investment properties which are measured at fair value, and in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

These unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA.

Going concern basis

As at 30 June 2019, the Group's current liabilities exceeded its current assets by RMB5,881,709,000. At the same date, its current borrowings amounted to RMB11,580,776,000 while its cash and cash equivalents amounted to RMB823,283,000 only. As at 30 June 2019, the financial conditions of certain related parties of the Group changed in such a way that triggered certain terms specified in the Group's bank loan agreements. This resulted in certain of the Group's borrowings amounted to RMB7,980,038,000 in total as at 30 June 2019 becoming immediately repayable if requested by the lenders, of which RMB3,450,788,000 represented loans with scheduled repayment dates within one year, while RMB4,529,250,000 represented non-current bank loans or corporate bond with original maturity dates beyond 30 June 2020 that were reclassified as current liabilities.

The above conditions indicated the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

2. BASIS OF PREPARATION (Continued)

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

(i) Although no demand for immediate repayment have been made by the relevant lenders, and interest payments and the repayments of such loans have been made in accordance with original/extended repayment schedules up to the release of these financial statements, the Group is actively communicating with the relevant banks and financial institutions to explain the Group's financial independence from its related parties, that the Group has not provided guarantee to, nor pledged any of its assets in favour of, those related parties, and that it has no ongoing or planned transactions with those related parties that would have a negative impact on the Group's financial position, cash flows and normal operations. The Directors are confident to convince the relevant lenders not to exercise their rights to request the Group for immediate repayment of the bank loans and corporate bond prior to their scheduled contractual repayment dates.

(ii) The Group has been actively negotiating with several existing banks and financial institutions for renewal of and extension for repayment of certain borrowings, and negotiating with various banks and financial institutions to secure new sources of financing. In this connection, subsequent to 30 June 2019, the Group was able to extend existing borrowings of RMB500 million and obtain new borrowings of RMB32 million, respectively, all of which contain restrictions relating to the financial conditions of the Group's related parties that cause these borrowings to be subject to immediate repayment it requested by the lenders. As of the date of approval of these financial statements, the Group also had unutilised facilities of RMB2,461 million from certain lenders, all of which do not contain any similar restriction term. The Directors believe that the Group will be able to renew the existing bank loans as well as to secure new bank loans when needed given the Group's good credit history, and the availability of the Group's properties as security for these loans.

(iii) The Group has implemented measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables.

(iv) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2019. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2019. Accordingly, the Directors are satisfied that it is appropriate to prepare the unaudited condensed consolidated financial statements on a going concern basis.

2. BASIS OF PREPARATION (Continued)

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) the successful maintenance of a continuing and normal business relationship with the Group's existing lenders such that no action will be taken by the relevant lenders to exercise their contractual rights to demand immediate repayment of the relevant borrowings and corporate bond;

(ii) the successful negotiations with the lenders for renewal of or extension for repayment of outstanding borrowings;

(iii) the successful obtaining of additional new sources of financing as and when needed; and

(iv) the successful implementation of the plans to accelerate the pre-sales and sales of properties under development and completed properties, speed up the collection of outstanding sales proceeds and other receivables, and control costs and contain capital expenditure so as to generate adequate net cash inflows.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these unaudited condensed consolidated financial statements.

3. ACCOUNTING POLICIES

The accounting policies applied in the preparation of these unaudited condensed consolidated financial statements are consistent with those of the annual consolidated financial statements of the Company for the year ended 31 December 2018, as described in those annual financial statements, except for estimation of income tax for the interim periods using the tax rate that would be applicable to expected total annual earnings and the adoption of the new standard, amendments and interpretation of HKFRSs effective for the financial year ending 31 December 2019.

New standard, amendments and interpretation of HKFRSs adopted by the Group in the first half of 2019

- HKFRS 16 *Leases* ("**HKFRS 16**")

  The impact of the adoption of HKFRS 16 is disclosed in note 4 below. The other newly effective amendments and interpretation to existing standards did not have any significant impact on the Group's financial statements and did not require retrospective adjustments.

There are no standards, amendments and interpretations to existing standards that are not effective and would be expected to result in any significant impact on the Group's financial positions and results of operations.

4. CHANGES IN ACCOUNTING POLICIES

The Group has adopted HKFRS 16 from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The adjustments arising from HKFRS 16 are therefore recognised in the opening statement of financial position on 1 January 2019.

(a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7.87%.

	2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	**810,360**
Less: Short-term leases to be recognised on a straight-line basis as expenses	**(39,746)**
	770,614
Discounted using the lessee's incremental borrowing rate at the date of initial application, representing additional lease liabilities recognised as at 1 January 2019	**454,065**
Of which are:	
Current lease liabilities	**54,442**
Non-current lease liabilities	**399,623**
	454,065

As a lessee, the Group mainly leases offices and business parks. The right-of-use assets (recognised under the same caption of assets they are being used for) were measured at the amount equal to the respective lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

Condensed consolidated statement of financial position (extract)

	31 December 2018 (As originally presented) RMB'000	**HKFRS 16 RMB'000**	**1 January 2019 (Restated) RMB'000**
Non-current assets			
Property, plant and equipment	**93,868**	**15,718**	**109,586**
Investment properties	**18,604,066**	**438,347**	**19,042,413**
Non-current liabilties			
Lease liabilities	**–**	**399,623**	**399,623**
Current liabilties			
Lease liabilities	**–**	**54,442**	**54,442**

4. CHANGES IN ACCOUNTING POLICIES (Continued)

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

Segment assets and segment liabilities as at 30 June 2019 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities. The change in accounting policy will increase segment assets and liabilities as at 30 June 2019 as follows:

	Segment assets	Segment liabilities
Property investment	420,429	430,627
Property management	30,223	27,621
Property development	3,113	4,549
Construction, decoration and landscaping	942	1,960
	454,707	464,757

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

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

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

4. CHANGES IN ACCOUNTING POLICIES (Continued)

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

The Group leases various offices and business parks. Rental contracts are typically made for fixed periods of 1 to 13 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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

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

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

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

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

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

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

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

5. ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimations.

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

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial assets and liabilities are market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Market risk

The Group's assets are predominantly in the form of land held for development for sale, investment properties, properties under development and completed properties held for sale. In the event of a severe downturn in the property market, these assets may not be readily realised.

The sensitivity analyses of fair value measurement of investment properties and derivative financial instruments are disclosed in note 16 and note 25 to the unaudited condensed consolidated financial statements, respectively.

(b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant interest-bearing assets. Restricted deposits were held at banks in Mainland China at the same savings rate of unrestricted deposits throughout the year. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. Since the Group has mainly entered into floating interest rate loans, there is no significant fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Interest rate risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	Effect on profit before income tax RMB'000
30 June 2019 (unaudited)		
RMB	**50**	**(13,161)**
RMB	**(50)**	**13,161**
31 December 2018 (audited)		
RMB	50	(24,400)
RMB	(50)	24,400

(c) Foreign currency risk

All of the Group's revenue and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under the existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of Mainland China to pay capital account items, such as the repayment of bank and other borrowings denominated in foreign currencies.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Foreign currency risk (Continued)

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including payment of dividends to the Company, without prior approval of the State Administration of Foreign Exchange. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration of Foreign Exchange, this could affect the Group's subsidiaries' ability to obtain required foreign exchange through debt or equity financing, including by means of loans or capital contributions from the Company.

The Group's financial assets and liabilities including certain short term borrowings denominated in United States dollars and long term borrowings denominated in Hong Kong dollars are subject to foreign currency risk. Therefore, the fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

There are limited hedging instruments available in Mainland China to reduce the Group's exposure to exchange rate fluctuations between RMB and other currencies. To date, the Group has not entered into any hedging transactions in an effort to reduce the Group's exposure to foreign currency exchange risk. While the Group may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and the Group may not be able to hedge the Group's exposure successfully, or at all.

As at 30 June 2019, if RMB had weakened/strengthened by 10% (31 December 2018: 10%) against the United States dollar ("**USD**"), which was considered reasonably possible by management, the Group's profit before income tax for the period would have been decreased/increased by RMB246,489,000 (31 December 2018: RMB200,857,000).

(d) Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, receivable balances are monitored on an ongoing basis. Therefore, the credit risk from sales of properties is limited. There is no significant concentration of credit risk within the Group.

Trade receivables are mainly arisen from sales of properties, lease of investment properties and other service businesses. Other receivables mainly comprise amounts due from related parties and advances to local government authorities in connection with primary land development. The Group closely monitors these trade receivables and other receivables to ensure actions are taken to recover these balances in case of any risk of default.

On top of the credit risk arising from the financial guarantees provided by the Group as detailed in note 27, the credit risk of the Group's other financial assets, which mainly comprise cash and short term deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these assets.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Credit risk (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of individual property owner or the borrower
- significant increases in credit risk on other financial instruments of the individual property owner or the same borrower
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

(i) Trade receivables and contract assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowances for trade receivables and contract assets.

As at 30 June 2019, the loss allowance for trade receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

30 June 2019 (Unaudited)	Current RMB'000	More than 180 days past due RMB'000	More than 1 year past due RMB'000	More than 2 year past due RMB'000	Total RMB'000
Expected loss rate	0.95%	14.61%	69.98%	100.00%	–
Gross carrying amount	692,324	–	–	33,886	726,210
Loss allowance	6,600	–	–	33,886	40,486

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Credit risk (Continued)

(i) Trade receivables and contract assets (Continued)

As at 31 December 2018, the loss allowance for trade receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

31 December 2018 (Audited)	Current RMB'000	More than 180 days past due RMB'000	More than 1 year past due RMB'000	More than 2 year past due RMB'000	Total RMB'000
Expected loss rate	0.93%	12.18%	58.01%	100.00%	–
Gross carrying amount	1,191,543	–	14,616	19,270	1,225,429
Loss allowance	11,060	–	8,480	19,270	38,810

For contract assets, the expected credit losses of RMB159,000 as at 30 June 2019 and RMB146,000 as at 31 December 2018, were determined based on carrying amounts of RMB152,775,000 and RMB140,388,000 respectively at expected loss rate of 0.1%.

(ii) Other receivables (excluding prepayments)

The Group uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories. A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flow	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition	Lifetime expected losses	Gross carrying amount
Stage three	Receivables for which there is credit loss since initial recognition	Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)

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

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Credit risk (Continued)

(ii) Other receivables (excluding prepayments) (Continued)

As at 30 June 2019, the Group provides for loss allowance for other receivables as follows:

(Unaudited)	Category	Expected credit loss rate	Estimated gross carrying amount at default	Loss allowance	Carrying amount (net of impairment provision)
Amounts due from related parties	Stage one	1.80%	34,592	(623)	33,969
Receivables for primary land development	Stage one	0.10%	1,925,096	(1,925)	1,923,171
Others	Stage one	2.08%	455,828	(9,470)	446,358
			2,415,516	(12,018)	2,403,498

As at 31 December 2018, the Group provides for credit losses against other receivables as follows:

(Audited)	Category	Expected credit loss rate	Estimated gross carrying amount at default	Loss allowance	Carrying amount (net of impairment provision)
Amounts due from related parties	Stage one	1.70%	47,767	(813)	46,954
Receivables for primary land development	Stage one	0.10%	2,053,998	(2,054)	2,051,944
Others	Stage one	2.17%	764,630	(16,592)	748,038
			2,866,395	(19,459)	2,846,936

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In addition, banking facilities are available for contingency purposes.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	At 30 June 2019 (Unaudited)				
	On demand or within 1 year RMB'000	**In the second year RMB'000**	**3 to 5 years RMB'000**	**Beyond 5 year RMB'000**	**Total RMB'000**
Interest-bearing bank and other borrowings (note 24)	**12,432,534**	**3,314,955**	**–**	**–**	**15,747,489**
Trade payables (note 22)	**3,026,521**	**–**	**–**	**–**	**3,026,521**
Other payables and accruals (note 23)	**3,919,832**	**–**	**–**	**–**	**3,919,832**
Lease liabilities	**67,685**	**60,583**	**162,662**	**419,378**	**710,308**
	19,446,572	**3,375,538**	**162,662**	**419,378**	**23,404,150**
Financial guarantees issued:					
Maximum amount guaranteed (note 27)	**329,879**	**–**	**–**	**–**	**329,879**

	At 31 December 2018 (Audited)				
	On demand or within 1 year RMB'000	In the second year RMB'000	3 to 5 years RMB'000	Beyond 5 year RMB'000	Total RMB'000
Interest-bearing bank and other borrowings (note 24)	13,546,250	4,311,316	388,160	–	18,245,726
Trade payables (note 22)	2,716,306		–	–	2,716,306
Other payables and accruals (note 23)	3,650,633	–	–	–	3,650,633
	19,913,189	4,311,316	388,160	–	24,612,665
Financial guarantees issued:					
Maximum amount guaranteed (note 27)	324,054	–	–	–	324,054

note: The amounts of interest-bearing bank and other borrowings include future interest payments computed using contractual rates.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(f) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and provide returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is subject to financial covenants attached to the interest-bearing bank and other borrowings that define capital structure requirements. The financial institutions have the right to call the bank and other borrowings immediately for breach of the relevant financial covenants. There have been no breaches in the financial covenants during the period. No changes were made in the objectives, policies or processes for managing capital during the period.

The Group monitors capital using a net debt ratio, which is net debt divided by the capital. Net debt includes interest-bearing bank and other borrowings, less cash and cash equivalents and restricted cash. Capital represents total equity. The net debt ratios as at the end of the reporting periods were as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Interest-bearing bank and other borrowings (note 24)	**14,593,356**	17,026,725
Less: Cash and cash equivalents (note 20)	**(823,283)**	(1,077,775)
Less: Restricted cash (note 20)	**(485,089)**	(728,486)
Net debt	**13,284,984**	15,220,464
Total equity	**12,165,454**	11,838,559
Net debt ratio	**109.2%**	128.6%

7. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

(a) the property development segment engages in the development and sale of properties;

(b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation;

(c) the business park operation and management segment engages in the provision of operation and management services to the business park projects owned by the local governments or other independent third parties;

(d) the construction, decoration and landscaping segment engages in property construction, the provision of interior decoration to property buyers and landscaping services to property projects;

(e) the property management segment engages in the provision of management services to properties; and

(f) the others segment comprises corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, dividend income and certain corporate gains and expenses and finance costs are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid corporate income tax, prepaid land appreciation tax, amounts due from related parties, restricted cash and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings, amounts due to related parties, tax payable, provision for land appreciation tax and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

During the period, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

7. OPERATING SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2019 (unaudited)

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	1,704,057	266,698	30,467	109,419	222,018	–	2,332,659
Segment results	668,348	157,153	3,487	1,997	13,364	(38,785)	805,564
Reconciliation:							
Interest income							9,593
Dividend income and unallocated gains							32,760
Corporate and other unallocated expenses							(56,998)
Finance costs							(306,772)
Profit before income tax							484,147
Income tax expenses							(224,466)
Profit for the period							259,681

For the six months ended 30 June 2018 (unaudited)

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	1,563,678	211,703	15,748	118,457	229,678	–	2,139,264
Segment results	145,172	109,101	3,588	4,283	18,487	(41,099)	239,532
Reconciliation:							
Interest income							37,472
Dividend income and unallocated gains							790,959
Corporate and other unallocated expenses							(63,082)
Finance costs							(409,969)
Profit before income tax							594,912
Income tax expenses							(160,822)
Profit for the period							434,090

7. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

Geographical information is not presented since all of the Group's revenue from external customers is generated in Mainland China and over 90% of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the Directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

8. REVENUE

Revenue represents the gross proceeds from the sale of properties, gross rental income received and receivable from investment properties, property management income received and receivable, an appropriate proportion of contract revenue from construction, decoration and landscaping, and business park operation and management service income received and receivable from the provision of operation and management services to the business park projects, all net of business tax, value-added tax and surcharges, during the period.

An analysis of the Group's revenue is as follows:

	notes	For the six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue from contracts with customers recognised at a point in time			
Sale of properties	(a)	**1,704,057**	1,563,678
Revenue from contracts with customers recognised over time			
Business park operation and management service income		**30,467**	15,748
Construction, decoration and landscaping income		**109,419**	118,457
Property management income		**222,018**	229,678
		361,904	363,883
Revenue from contracts with customers		**2,065,961**	1,927,561
Revenue from other sources			
Rental income		**266,698**	211,703
		2,332,659	2,139,264

note:

(a) The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties.

9. OTHER INCOME

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income	**9,593**	37,472
Government subsidies	**4,181**	7,115
Others	**864**	–
	14,638	44,587

10. EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and administrative expenses are analyzed as follows:

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold	**939,779**	1,197,481
Cost of services provided	**289,473**	301,306
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**76,827**	90,272
Employee benefit expenses	**123,043**	135,372
Short-term office (2018: all) lease expenses	**8,725**	16,201
Depreciation	**16,543**	8,085
Amortisation of intangible assets	**5,492**	3,493
Advertising	**31,724**	49,114
Other costs and expenses	**89,251**	78,814
Total cost of sales, selling and marketing expenses and administrative expenses	**1,580,857**	1,880,138

11. FINANCE COSTS – NET

	For the six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Interest on bank loans and other loans	**674,107**	735,586
Interest on lease liabilities	**15,798**	–
Less: Interest capitalised	**(351,116)**	(262,758)
	338,789	472,828
Interest income	**(32,017)**	(62,859)
Finance costs – net	**306,772**	409,969

12. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2019 and 2018. The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on the taxable profits for the period.

An analysis of the income tax charges for the period is as follows:

	For the six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Current:		
PRC corporate income tax	**85,266**	80,475
PRC land appreciation tax ("**LAT**")	**215,341**	57,168
Under provision of PRC LAT in prior years*	**–**	43,733
	300,607	181,376
Deferred:		
Current period	**(76,141)**	(9,621)
Recognition of deferred tax assets on PRC LAT underprovided in prior years	**–**	(10,933)
	(76,141)	(20,554)
Total tax charge for the period	**224,466**	160,822

* During the six months ended 30 June 2018, the Group filed and agreed with the local tax bureau in the PRC the computation for the LAT of certain property development projects that had been completed and sold in previous years. As a result of the local tax bureau's assessments, the Group had recognised an under provision of LAT on the relevant property development projects of RMB43,733,000 in the consolidated statement of profit or loss, for the six months ended 30 June 2018.

13. INTERIM DIVIDEND

The Company resolved not to declare any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share is based on the profit for the period attributable to the ordinary equity holders of the Company of RMB298,521,000 (six months ended 30 June 2018: RMB462,419,000), and the weighted average number of ordinary shares of 2,583,970,000 in issue (six months ended 30 June 2018: 2,583,970,000) during the period.

Diluted earnings per share is same as basic earnings per share for the six months ended 30 June 2019 and 2018 as the Group had no potentially dilutive ordinary shares in issue during those periods.

15. PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2019, none (31 December 2018: RMB45,308,000) of the Group's property, plant and equipment were pledged to banks to secure the loans granted to the Group (note 24).

16. INVESTMENT PROPERTIES

	Right-of-use assets RMB'000	**Completed RMB'000**	**Under construction RMB'000**	**Total RMB'000**
(Unaudited)				
At 1 January 2019 (Restated)	**438,347**	**12,394,650**	**6,209,416**	**19,042,413**
Additions	**–**	**3,281**	**73,494**	**76,775**
Net gains/(losses) from fair value adjustments	**(17,918)**	**4,219**	**2,517**	**(11,182)**
At 30 June 2019	**420,429**	**12,402,150**	**6,285,427**	**19,108,006**

	Completed RMB'000	Under construction RMB'000	Total RMB'000
(Unaudited)			
At 1 January 2018	10,531,950	1,712,672	12,244,622
Additions arising from acquisition of subsidiaries	1,030,450	5,813,100	6,843,550
Other additions	2,176	19,128	21,304
Disposals	(43,100)	–	(43,100)
Net gains from fair value adjustments	724	7,893	8,617
At 30 June 2018	11,522,200	7,552,793	19,074,993

16. INVESTMENT PROPERTIES (Continued)

As at 30 June 2019, certain of the Group's investment properties of RMB14,097,768,000 (31 December 2018: RMB13,869,213,000) were pledged to banks to secure the loans granted to the Group (note 24).

The Group's completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 29(i) of these financial statements.

The Group's completed investment properties and investment properties under construction, which were stated at fair value, were revalued on 30 June 2019 by DTZ Cushman & Wakefield Limited, independent professionally qualified valuers.

For completed investment properties, valuations were based on the capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties.

For investment properties under construction which were stated at fair value as at 30 June 2019, valuations were based on the residual approach and market approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

In the opinion of the Directors, for all investment properties that are measured at fair value, the current use of the properties are their highest and best use. Included in the Group's investment properties are certain completed investment properties and investment properties under construction measured at fair value in the aggregate carrying amount of RMB1,537,000,000 as at 30 June 2019 (31 December 2018: RMB1,530,000,000), which are subject to restrictions on sale and transfer, but may be leased to tenants that are engaged in software research and development and outsourcing services.

16. INVESTMENT PROPERTIES (Continued)

Description of valuation techniques used and key inputs to valuation on investment properties:

	Valuation technique	Significant unobservable inputs	Range (weighted average) 30 June 2019 (Unaudited)	31 December 2018 (Audited)
Completed	Income approach			
Retail		Estimated yearly rental value per square metre (RMB)	**714 – 2,016**	720 – 2,016
Office		Estimated yearly rental value per square metre (RMB)	**428 – 870**	420 – 864
Car park		Estimated yearly rental value per lot (RMB)	**3,526 – 8,208**	3,528 – 8,208
Retail		Capitalisation rate	**5.25%**	5.25%
Office		Capitalisation rate	**4.25% – 4.75%**	4.25% – 4.75%
Car park		Capitalisation rate	**3.75%**	3.75%
Under construction	Residual and market approach			
Office		Estimated yearly rental value per square metre (RMB)	**428 – 696**	420 – 708
Car park		Estimated yearly rental value per lot (RMB)	**4,944 – 7,068**	3,732 – 7,068
Office		Capitalisation rate	**4.75%**	4.75%
Car park		Capitalisation rate	**3.75%**	3.75%
Office and car park		Development profit	**3% – 29%**	3% – 29%

A significant increase/(decrease) in the estimated yearly rental value per square metre or per lot in isolation would result in a significantly higher/(lower) fair value of the investment properties. A significant increase/(decrease) in the capitalisation rate in isolation would result in a significantly lower/(higher) fair value of the investment properties.

Generally, a change in the assumption made for the estimated yearly rental value per square metre or per lot is accompanied by a directionally similar change in the development profit and an opposite change in the capitalisation rate.

17. LAND HELD FOR DEVELOPMENT FOR SALE

	Six months ended 30 June 2019 RMB'000 (Unaudited)	Year ended 31 December 2018 RMB'000 (Audited)
Carrying amount at beginning of period/year	**1,111,781**	1,108,846
Additions	**556,921**	2,935
Transfer to properties under development	**(132,959)**	–
Carrying amount at end of period/year	**1,535,743**	1,111,781
Current portion	**(1,535,743)**	(1,111,781)
Non-current portion	**–**	–

As at 30 June 2019, certain of the Group's land held for development for sale of RMB1,139,919,000 (31 December 2018: RMB833,898,000) were pledged to banks to secure the bank and other loans granted to the Group (note 24).

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Prepayments	**835,777**	639,101
Deposits and other receivables	**2,415,516**	2,866,395
Less: Allowances for impairment of deposits and other receivables	**(12,018)**	(19,459)
Carrying amount at end of period/year	**3,239,275**	3,486,037
Current portion	**(3,226,741)**	(3,463,103)
Non-current portion	**12,534**	22,934

note:

As at 30 June 2019, included in the Group's prepayments, deposits and other receivables are advances of RMB1,925,096,000 (31 December 2018: RMB2,053,998,000) to certain local government authorities, in connection with the primary land development of certain land parcels in Dalian, the PRC, amounts due from joint ventures of RMB3,687,000 (31 December 2018: RMB19,406,000), amounts due from associates of RMB30,905,000 (31 December 2018: RMB30,853,000), and amounts due from third-parties of RMB1,291,605,000 (31 December 2018: RMB1,401,239,000).

As at 31 December 2018, certain of the Group's other receivables of RMB254,400,000 were pledged to banks to secure the bank and other loans granted to the Group (note 24).

19. TRADE RECEIVABLES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade receivables – gross amount	**726,210**	1,225,429
Less: Allowances for impairment of trade receivables	**(40,486)**	(38,810)
	685,724	1,186,619

Trade receivables mainly represent receivables for contract works. The payment terms of contract works receivables are stipulated in the relevant contracts. Trade receivables are non-interest-bearing.

An aging analysis of the gross trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within 1 year	**403,718**	908,533
1 to 2 years	**242,882**	259,626
Over 2 years	**79,610**	57,270
	726,210	1,225,429

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2019, a provision of RMB40,486,000 (31 December 2018: RMB38,810,000) was made against the gross amount of trade receivables.

20. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Cash and bank balances (notes)	**1,308,372**	1,806,261
Less: Restricted cash	**(485,089)**	(728,486)
Cash and cash equivalents	**823,283**	1,077,775

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB1,249,013,000 (31 December 2018: RMB1,803,429,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

notes:

(a) According to the relevant loan facility agreements signed by certain subsidiaries of the Group with the banks, the subsidiaries are required to place the pre-sale proceeds from their properties at designated bank accounts. The deposits can only be used for the payment of property development costs incurred by the subsidiaries and the repayment of the relevant loans. As at 30 June 2019, such guarantee deposits amounted to RMB119,003,000 (31 December 2018: RMB134,632,000).

(b) As at 30 June 2019, the deposits of the Group amounted to RMB66,086,000 (31 December 2018: RMB51,854,000), were placed at designated bank accounts by certain subsidiaries of the Group for potential industrial accidents during construction work, training talents and promissory notes, according to the relevant regulation implemented by the local government and contracts.

(c) As at 30 June 2019, certain of the Group's time deposits of RMB300,000,000 (31 December 2018: RMB542,000,000) were pledged to banks to secure the bank and other loans granted to the Group.

21. CONTRACT LIABILITIES

Contract liabilities of the Group represented amounts received from buyers in connection with the pre-sale of properties and gross amounts due to contract customers as at the reporting period end.

22. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Due within 1 year or on demand	**2,145,140**	1,615,470
Due within 1 to 2 years	**881,381**	1,100,836
	3,026,521	2,716,306

The trade payables are non-interest-bearing and unsecured.

23. OTHER PAYABLES AND ACCRUALS

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Employee benefits payable	**20,848**	156,536
Dividend payable	**255,493**	255,493
Accruals	**259,832**	441,572
Other payables (note (a))	**3,613,103**	3,284,482
Carrying amount at end of the period/year	**4,149,276**	4,138,083
Current portion	**(4,149,276)**	(4,138,083)
Non-current portion	**–**	–

note:

(a) As at 30 June 2019, included in Group's other payables are amounts due to Main Zone Group Limited and Innovate Zone Group Limited of RMB163,120,000 (31 December 2018: RMB342,556,000) and RMB1,330,402,000 (31 December 2018: RMB1,681,256,000) respectively, as part of the consideration for the acquisition of 28.21% and 61.54% equity interests in Richcoast Group. The payables due to Main Zone Group Limited and Innovate Zone Group Limited initially carried a late payment interest at a rate of 5% per annum, and it has been further adjusted to a rate of 15% per annum as of 30 June 2019.

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	4.35-9.13	2019-2020	6,114,386	4.35-10.60	2019	6,316,447
Other loans – secured	5.70-15.00	2019-2020	3,371,163	5.70-18.0	2019	4,089,128
Other loans – unsecured	1.20-8.55	2019-2020	2,095,227	1.20-7.00	2019	2,245,630
			11,580,776			12,651,205
Non-current						
Bank loans – secured	5.88-9.13	2020-2021	1,009,537	3.58-6.18	2020-2021	1,554,508
Other loans – secured	8.50-15.00	2020	1,364,476	8.50-15.00	2020	761,057
Other loans – unsecured	10.63	2021	638,567	6.95	2020	2,059,955
			3,012,580			4,375,520
			14,593,356			17,026,725

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	6,114,386	6,316,447
In the second year	1,009,537	1,188,320
In the third to fifth years, inclusive	–	366,188
	7,123,923	7,870,955
Other loans repayable:		
Within one year or on demand	5,466,390	6,334,758
In the second year	2,003,043	2,821,012
	7,469,433	9,155,770
	14,593,356	17,026,725

24. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

As at 30 June 2019, included in bank loans of the Group is an amount of RMB2,151,000,000 (31 December 2018: RMB1,742,480,000) containing an on-demand clause, which has been classified as current liability. For the purpose of the table above, the loan is included within current interest-bearing bank and other borrowings and analysed into bank loans repayable within one year or on demand.

The current bank borrowings included borrowings with principal amounts of RMB4,529,250,000 (31 December 2018: RMB5,005,474,000) with original maturity beyond 30 June 2020 which have been reclassified as current liabilities as at 30 June 2019 as a result of the matters described in note 2.

(a) Included in other loans of the Group are corporate bonds in an aggregate principal amount of RMB1,426,772,000 (31 December 2018: RMB2,801,748,000), which were issued in 2 tranches by Yida Development Company Limited ("**Yida Development**"), an indirectly wholly-owned subsidiary of the Company, on 24 September 2015 and 8 March 2016, respectively. As at 30 June 2019, the outstanding principal amount of RMB801,748,000 of the first tranche was recorded in current borrowings, while the maturity date of the outstanding principal amount of RMB625,024,000 of the second tranche was 6 March 2021.

(b) Included in other loans of the Group are senior notes in a principal amount of USD300,000,000 (approximately RMB2,062,410,000) (31 December 2018: USD300,000,000,approximately RMB2,058,960,000)) issued by the Company in 2017 (the "**Senior Notes**"). The net proceeds after deducting the issuance costs, amounted to approximately USD289,819,000 (approximately RMB1,992,419,000). The Senior Notes are unsecured, have a term of three years and bear interest at a rate of 6.95% per annum. The Senior Notes will mature on 19 April 2020.

The Company, at its option, can redeem all or up to 35% of the aggregate principal outstanding amount of the Senior Notes at any time prior to the maturity date at the redemption prices (principal amount plus applicable premium) plus accrued interest and unpaid interest up to the redemption date, as set forth in the written agreement between the Company and the trustees of the Senior Notes.

The Senior Notes of the Company are denominated in USD and are guaranteed by certain subsidiaries of the Group.

(c) Certain of the Group's bank and other loans are secured or guaranteed by:

(i) pledges of the Group's properties under development with an aggregate carrying value as at 30 June 2019 of approximately RMB3,080,195,000 (31 December 2018: RMB1,760,467,000);

(ii) pledges of the Group's investment properties with an aggregate carrying value as at 30 June 2019 of approximately RMB14,097,768,000 (31 December 2018: RMB13,869,213,000);

(iii) pledges of the Group's land held for development for sale with an aggregate carrying value as at 30 June 2019 of approximately RMB1,139,919,000 (31 December 2018: RMB833,898,000);

(iv) pledges of the Group's completed properties held for sale with an aggregate carrying value as at 30 June 2019 of approximately RMB3,137,724,000 (31 December 2018: RMB3,899,419,000);

(v) pledge of a building of the Group with a carrying value as at 31 December 2018 of approximately RMB45,308,000, which was released during the reporting period;

(vi) corporate guarantees executed by certain subsidiaries of the Group to the extent of RMB8,283,914,000 as at 30 June 2019 (31 December 2018: RMB9,027,509,000);

(vii) pledges of certain equity interests of the subsidiaries of the Company as at the end of the reporting period;

24. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

(c) Certain of the Group's bank and other loans are secured or guaranteed by: (Continued)

(viii) pledges of certain of the Group's time deposits with an aggregate carrying value of approximately RMB300,000,000 as at 30 June 2019 (31 December 2018: RMB542,000,000); and

(ix) pledges of other receivables of the Group with a carrying value as at 31 December 2018 of approximately RMB254,400,000, which was released in January 2019;

(d) Other than certain other borrowings with a carrying amount of RMB2,065,728,000 (31 December 2018: RMB2,059,955,000) denominated in USD as at 30 June 2019 and RMB427,116,000 denominated in HKD as at 30 June 2019 (31 December 2018: RMB245,836,000), the remaining bank and other borrowings of the Group are denominated in RMB as at 30 June 2019 and 31 December 2018.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Liabilities		
Current		
Call and put options, net	**780,813**	746,708

In November 2011, the Group granted put options to certain joint venture partners to sell their equity interest in certain joint venture to the Group, which were further modified according to the supplementary agreements signed in December 2013. The put options can be exercised at any time after the expiry of the first 54 months after the date of initial investments or after the pre-sale of a certain percentage of saleable construction area and a certain percentage of saleable construction area is delivered, whichever is earlier.

In June 2016, the Group received notices from certain joint venture partners in respect of the exercise of the put options at the price formula stipulated in the supplementary agreements signed in December 2013. On 23 October 2017, the Group received an arbitration notice in respect of the submission of arbitration applications by the joint venture partners, requesting the Group to pay the price of the put option and the relevant interest and compensation in accordance with the price formula stipulated in the above supplementary agreements. Up to the approval of these unaudited condensed consolidated financial statements, the Group submitted a response to the arbitration notice and no further notice was received up to date.

25. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Description of valuation techniques used and key inputs to valuation on put options:

		Range/weighted average	
Valuation technique	**Significant unobservable inputs**	**30 June 2019**	31 December 2018
Binomial model	Dividend yield	**0%**	0%
	Net asset value volatility	**3.15%**	26.30%
	Risk-free interest rate	**2.37%**	2.65%
	Stock volatility of comparable companies	**31.86%**	41.69%

Generally, a change in the assumption made for the net asset value volatility is accompanied by a directionally similar change in the risk-free interest rate and an opposite change in the dividend yield, the option life and stock volatility.

The following table demonstrates the sensitivity of the Group's profit before income tax to a reasonably possible change in combined net effect of the dividend yield, net asset value volatility, risk-free interest rate and stock volatility of comparable companies (collectively the "**combined factors**").

	Increase/ (decrease) in basis points	**Combined net effect on profit before income tax** RMB'000
30 June 2019 (Unaudited)		
Combined factors	**100**	**(4,283)**
Combined factors	**(100)**	**4,608**
30 June 2018 (Unaudited)		
Combined factors	100	(11,407)
Combined factors	(100)	12,415

26. SHARE CAPITAL

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Authorised:		
50,000,000,000 shares of US$0.01 each	**3,124,300**	3,124,300
Issued and fully paid:		
2,583,970,000 ordinary shares of US$0.01 each	**159,418**	159,418

27. FINANCIAL GUARANTEES

The Group had the following financial guarantees as at the end of the reporting period:

(a) As at 30 June 2019, the maximum obligation in respect of the mortgage facilities provided to certain purchasers of the Group's properties amounted to RMB329,879,000 (31 December 2018: RMB324,054,000).

At the end of the reporting period, the Group provided guarantees in respect of the mortgage facilities granted by certain banks to certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default on mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks.

Under the above arrangement, the related properties were pledged to the banks as security on the mortgage loans. Upon default on mortgage payments by these purchasers, the banks are entitled to take over the legal titles and can realise the pledged properties through open auction. The Group is obliged to repay the banks for the shortfall if the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans, and ends upon the earlier of (i) the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties; and (ii) the settlement of mortgage loans between the mortgage banks and the purchasers.

In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the Directors exercise judgement in the evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the Directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of the default of the parties involved is remote, and accordingly, no value has been recognised in the condensed consolidated financial statements.

28. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank and other loans are included in note 24 to these unaudited condensed consolidated financial statements.

29. OPERATING LEASE ARRANGEMENTS AS A LESSOR

The Group leases its investment properties (note 16) under operating lease arrangements, with leases negotiated for terms ranging from one to twenty years. The terms of the leases generally also require the tenants to pay security deposits and to provide for periodic rent adjustments according to the then prevailing market conditions. Certain contingent rent receivables are determined based on the turnover of the lessees.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within one year	**455,133**	331,174
In the second to fifth years, inclusive	**800,186**	532,734
After five years	**228,484**	102,067
	1,483,803	965,975

30. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Contracted, but not provided for:		
Capital expenditure for investment properties under construction and properties under development in Mainland China	**3,175,312**	2,977,815
Capital contribution to a joint venture	**84,390**	–
	3,259,702	2,977,815

30. COMMITMENTS (Continued)

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Contracted, but not provided for:		
Capital expenditure for investment properties under construction and properties under development in Mainland China	**239,913**	125,543

31. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these unaudited condensed consolidated financial statements, the Group had the following material transactions with related parties during the period:

	notes	For the six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Service fees from joint ventures	(i)	**45,449**	73,817
Service fees from associates	(i)	**14,466**	12,941
Service fees to a joint venture	(i)	**–**	750
Rental income from joint ventures	(ii)	**2,094**	4,532
Interest expenses to a joint venture	(iii)	**4,084**	705

notes:

(i) The service fees were related to the construction services, landscaping services and property management services provided by the Group and related to decoration provided to the Group by a joint venture at rates determined in accordance with the terms and conditions set out in the contracts entered into between the related parties.

(ii) The rentals were determined at rates mutually agreed by the related parties.

(iii) The interest income was related to advances made by the Group to certain associates. The interest expense was related to loans from a joint venture to the Group. The interest rates were mutually agreed with the related parties.

In the opinion of the Directors, the above transactions were entered into in the ordinary course of business of the Group.

31. RELATED PARTY TRANSACTIONS (Continued)

(b) In addition to the balances detailed elsewhere in these unaudited condensed consolidated financial statements, the Group had the following balances with related parties at the reporting period end:

i. With joint ventures

	notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade receivables	(i)	**147,317**	143,671
Prepayments and other receivables	(ii)	**3,687**	19,406
Trade payables	(iii)	**–**	29,072
Other payables and accruals	(iv)	**191,570**	184,225
Loans from joint ventures	(v)	**–**	34,480

ii With associates

	notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade receivables	(i)	**1,186**	20,981
Other receivables	(ii)	**30,905**	30,962

notes:

(i) As at 30 June 2019, included in the Group's trade receivables are amounts due from the Group's joint ventures of RMB147,317,000 (31 December 2018: RMB143,671,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

As at 30 June 2019, included in the Group's trade receivables are amounts due from the Group's associates of RMB1,186,000 (31 December 2018: RMB20,981,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

(ii) As at 30 June 2019, included in the Group's other receivables are amounts due from the Group's joint ventures of RMB3,687,000 (31 December 2018: RMB19,406,000), which are unsecured, interest-free and repayable on demand.

As at 30 June 2019, included in the Group's other receivables are amounts due from the Group's associates of RMB30,905,000 (31 December 2018: RMB30,962,000), which are unsecured, interest-free and repayable on demand.

(iii) As at 30 June 2019, the Group's trade payables did not include any amounts due to the Group's joint ventures (31 December 2018: included amounts of RMB29,072,000 due to the Group's joint ventures which were unsecured, interest-free and repayable within one year).

(iv) As at 30 June 2019, included in the Group's other payables are amounts due to the Group's joint ventures of RMB191,570,000 (31 December 2018: RMB184,225,000), which are unsecured, interest-free and repayable within one year.

(v) As at 31 December 2018, included in other loans of the Group are loans from the Group's joint ventures with principal amounts of RMB21,000,000, which were unsecured, bore an interest at 4.75% per annum and were repayable on demand, and RMB13,480,000, which were unsecured, bore an interest at 3% per annum and were repayable on demand, respectively.

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of each of the categories of financial instruments of the Group are as follows:

At 30 June 2019 (Unaudited)

Financial assets

	Financial assets at amortised cost RMB'000
Trade receivables (note 19)	**685,724**
Deposits and other receivables (note 18)	**2,403,498**
Restricted cash (note 20)	**485,089**
Cash and cash equivalents (note 20)	**823,283**
	4,397,594

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Derivative financial instruments (note 25)	**780,813**	**–**	**780,813**
Trade payables (note 22)	**–**	**3,026,521**	**3,026,521**
Other payables and accruals (note 23)	**–**	**3,919,832**	**3,919,832**
Interest-bearing bank and other borrowings (note 24)	**–**	**14,593,356**	**14,593,356**
Lease liabilities	**–**	**464,757**	**464,757**
	780,813	**22,004,466**	**22,785,279**

At 31 December 2018 (Audited)

Financial assets

	Financial assets at amortised cost RMB'000
Trade receivables (note 19)	1,186,619
Deposits and other receivables (note 18)	2,846,936
Restricted cash (note 20)	728,486
Cash and cash equivalents (note 20)	1,077,775
	5,839,816

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

At 31 December 2018 (Audited) (Continued)

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Derivative financial instruments (note 25)	746,708	–	746,708
Trade payables (note 22)	–	2,716,306	2,716,306
Other payables and accruals (note 23)	–	3,650,633	3,650,633
Interest-bearing bank and other borrowings (note 24)	–	17,026,725	17,026,725
	746,708	23,393,664	24,140,372

Fair value hierarchy as at 30 June 2019 (Unaudited)

	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Assets measured at fair value:				
Investment properties (note 16)	**–**	**–**	**18,561,479**	**18,561,479**
Liabilities measured at fair value:				
Derivative financial instruments (note 25)	**–**	**–**	**780,813**	**780,813**

Fair value hierarchy as at 31 December 2018 (Audited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets measured at fair value:				
Investment properties (note 16)	–	–	18,056,950	18,056,950
Liabilities measured at fair value:				
Derivative financial instruments (note 25)	–	–	746,708	746,708

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair values of the non-current portion of loans to associates, other receivables and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group assessed the credit risks as at the end of the reporting period of loans to associates and other receivables to be insignificant. The Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of each of the reporting period was assessed to be insignificant.

The details of the valuation technique and inputs used in the fair value measurement of investment properties and derivative financial instruments have been disclosed in note 16 and note 25 to the condensed consolidated financial statements, respectively.

During the six months ended 30 June 2019 and 2018, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

The Group's finance department determines the policies and procedures for recurring fair value measurement, such as investment properties and derivative financial instruments. The finance department comprises head of the investment properties segment, head of the Group's investment team, chief financial officer and the managers of each property.

External valuers are involved for the valuation of significant assets, such as investment properties and significant liabilities, such as derivative financial liabilities. Involvement of external valuers is decided upon annually by the finance department. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The finance department decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the finance department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the finance department verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The finance department, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

商務園區運營專家
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