



建發國際投資集團有限公司  
C&D International Investment Group Limited

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 1908

# 2019

## INTERIM REPORT



房地產開發及房地產產業鏈綜合投資服務商  
Real estate development and real estate industry chain investment services

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. ZHUANG Yuekai (*Chairman*)  
Ms. ZHAO Chengmin  
Mr. LIN Weiguo (*Chief Executive Officer*)

### Non-executive Directors

Ms. WU Xiaomin  
Mr. HUANG Wenzhou  
Ms. YE Yanliu

### Independent Non-executive Directors

Mr. WONG Chi Wai  
Mr. WONG Tat Yan Paul  
Mr. CHAN Chun Yee

## COMPANY SECRETARY

Miss LEUNG Ching Ching

## AUDIT COMMITTEE

Mr. WONG Chi Wai (*Committee Chairman*)  
Mr. WONG Tat Yan Paul  
Mr. CHAN Chun Yee

## REMUNERATION COMMITTEE

Mr. WONG Tat Yan Paul (*Committee Chairman*)  
Mr. ZHUANG Yuekai  
Mr. WONG Chi Wai  
Mr. CHAN Chun Yee

## NOMINATION COMMITTEE

Mr. ZHUANG Yuekai (*Committee Chairman*)  
Mr. CHAN Chun Yee  
Mr. WONG Chi Wai  
Mr. WONG Tat Yan Paul

## INDEPENDENT AUDITOR

Grant Thornton Hong Kong Limited

## PRINCIPAL BANKERS

(in alphabetical order)

Agricultural Bank of China Limited  
Bank of China (Hong Kong) Limited  
Bank of China Limited  
Bank of Communications Co., Ltd.  
China Construction Bank Corporation  
China Merchants Bank Co., Ltd.  
China Zheshang Bank Co., Ltd.  
Industrial and Commercial Bank of China Limited  
Industrial Bank Co., Ltd  
Postal Savings Bank of China

## REGISTERED OFFICE

P.O. Box 10008  
Willow House, Cricket Square  
Grand Cayman KY1-1001  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office No. 3517  
35th Floor, Wu Chung House  
213 Queen's Road East  
Wanchai, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Tricor Services (Cayman Islands) Limited  
P.O. Box 10008  
Willow House, Cricket Square  
Grand Cayman KY1-1001  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## LEGAL ADVISER AS TO HONG KONG LAWS

King & Wood Mallesons

## STOCK CODE

1908

## COMPANY'S WEBSITE

[www.cndintl.com](http://www.cndintl.com)  
(the contents of which do not form part of this report)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board (the “Board”) of directors (the “Directors”) of C&D International Investment Group Limited (the “Company”) is pleased to announce the following unaudited interim consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2019 (the “Period”) together with the comparative figures for the corresponding period in 2018 (the “corresponding period of the previous year”).

	Notes	<b>For the six months ended 30 June 2019 RMB'000 (Unaudited)</b>	For the six months ended 30 June 2018 RMB'000 (Unaudited) (Restated)
<b>Revenue</b>	5	<b>1,277,767</b>	969,392
Cost of sales		<b>(758,786)</b>	(524,638)
<b>Gross profit</b>		<b>518,981</b>	444,754
Other income	7	<b>97,845</b>	71,377
Loss on changes in fair value of investment properties		<b>(2,097)</b>	–
Administrative expenses		<b>(25,846)</b>	(22,815)
Selling expenses		<b>(215,741)</b>	(97,585)
Finance costs	8	<b>(99,535)</b>	(110,059)
Share of profit/(loss) of associates		<b>53,559</b>	(2,992)
Share of profit of joint ventures		<b>6,485</b>	–
<b>Profit before income tax</b>	9	<b>333,651</b>	282,680
Income tax expense	10	<b>(144,275)</b>	(105,882)
<b>Profit for the period</b>		<b>189,376</b>	176,798
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Currency translation differences		<b>5,485</b>	(3,939)
<b>Total comprehensive income for the period</b>		<b>194,861</b>	172,859

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the six months ended 30 June 2019 RMB'000 (Unaudited)	For the six months ended 30 June 2018 RMB'000 (Unaudited) (Restated)
<b>Profit for the period attributable to:</b>			
Equity holders of the Company		209,591	130,983
Non-controlling interests		(20,215)	45,815
		<b>189,376</b>	176,798
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the Company		215,071	127,245
Non-controlling interests		(20,210)	45,614
		<b>194,861</b>	172,859
<b>Earnings per share for profit attributable to the equity holders of the Company</b>			
— Basic (RMB cents)	12	24.35	17.82
— Diluted (RMB cents)	12	18.92	17.82

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		107,824	113,067
Interests in leasehold land		94,134	95,936
Investment properties	13	1,239,730	1,238,730
Interests in associates		2,597,734	1,776,251
Interest in joint venture		43,126	45,405
Other non-current financial assets	14	115,460	309,040
Deposits for land acquisitions		64,166	64,166
Right-of-use assets		74,287	–
Deferred tax assets		1,203,055	873,924
		<b>5,539,516</b>	4,516,519
<b>Current assets</b>			
Inventories of properties and other contract costs	15		
— Properties under development		55,455,862	48,070,624
— Properties held for sale		1,255,906	1,731,691
— Other contract costs		202,011	131,277
Other current financial assets	14	199,470	–
Trade and other receivables	16	2,484,830	2,393,643
Amounts due from non-controlling interests	19	1,365,918	483,474
Deposits for land acquisitions		3,417,430	710,810
Prepaid tax		412,621	189,475
Cash at bank and in hand	17	9,444,545	4,547,441
		<b>74,238,593</b>	58,258,435
<b>Total assets</b>		<b>79,778,109</b>	62,774,954
<b>Current liabilities</b>			
Trade and other payables	18	4,007,656	4,437,317
Contract liabilities		25,118,332	13,084,951
Amounts due to related companies	19	1,611,359	1,196,079
Amounts due to non-controlling interests	19	3,035,872	3,617,765
Interest-bearing borrowings	20	2,296,118	1,554,077
Receipts under securitisation arrangements	21	2,495,658	–
Tax payables		925,913	1,606,328
		<b>39,490,908</b>	25,496,517
<b>Net current assets</b>		<b>34,747,685</b>	32,761,918
<b>Total assets less current liabilities</b>		<b>40,287,201</b>	37,278,437

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Lease liabilities		90,893	–
Loans from intermediate holding companies	19	18,625,744	16,082,145
Interest-bearing borrowings	20	9,775,032	6,794,530
Receipts under securitisation arrangements	21	951,518	3,518,800
Deferred tax liabilities		279,931	278,916
		<b>29,723,118</b>	26,674,391
<b>Total liabilities</b>		<b>69,214,026</b>	52,170,908
<b>Net assets</b>		<b>10,564,083</b>	10,604,046
<b>EQUITY</b>			
Share capital	22	76,921	61,532
Reserves		5,669,647	6,032,490
<b>Equity attributable to the equity holders of the Company</b>		<b>5,746,568</b>	6,094,022
Non-controlling interests		4,817,515	4,510,024
<b>Total equity</b>		<b>10,564,083</b>	10,604,046

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the equity holders of the Company										
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Capital reserve RMB'000	Revaluation reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Perpetual bonds RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Balance at 1 January 2018, as previously reported</b>	61,532	1,540,056	71,939	(7,907)	1,601	2,692	730,478	2,400,391	-	612,282	3,012,673
Effect of business combination under common control	-	-	33,525	-	281,887	-	172,075	487,487	2,000,000	(215,020)	2,272,467
<b>Balance at 1 January 2018, as restated</b>	61,532	1,540,056	105,464	(7,907)	283,488	2,692	902,553	2,887,878	2,000,000	397,262	5,285,140
Impact on initial application of HKFRS 9	-	-	-	-	-	-	(2,553)	(2,553)	-	(162)	(2,720)
Impact on initial application of HKFRS 15	-	-	-	-	-	-	44,587	44,587	-	5,559	50,146
<b>Balance at 1 January 2018, as adjusted</b>	61,532	1,540,056	105,464	(7,907)	283,488	2,692	944,587	2,929,912	2,000,000	402,654	5,332,566
<b>Total comprehensive income for the Period</b>											
Profit for the Period (restated)	-	-	-	-	-	-	130,983	130,983	48,028	(2,213)	176,798
Other comprehensive income	-	-	-	(3,738)	-	-	-	(3,738)	-	(201)	(3,939)
— Currency translation differences	-	-	-	(3,738)	-	-	-	(3,738)	-	(201)	(3,939)
<b>Total comprehensive income</b>	-	-	-	(3,738)	-	-	130,983	127,245	48,028	(2,414)	172,859
<b>Transactions with owners</b>											
2017 final dividend approved and paid	-	(180,618)	-	-	-	-	-	(180,618)	-	-	(180,618)
Distribution to holders of perpetual bonds	-	-	-	-	-	-	-	-	(48,028)	-	(48,028)
Capital contribution from non-controlling shareholder	-	-	-	-	-	-	-	-	-	417,900	417,900
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	117,994	117,994
Dividends paid to former shareholders of subsidiaries	-	-	-	-	-	-	(297,000)	(297,000)	-	-	(297,000)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(9,149)	(9,149)
Change in ownership interests in subsidiary without change of control	-	-	-	-	(3,322)	-	-	(3,322)	-	(166,678)	(170,000)
Business combination under common control (Note 2)	-	-	-	-	(139,669)	-	-	(139,669)	-	-	(139,669)
<b>Total transactions with owners</b>	-	(180,618)	-	(11,645)	(142,991)	-	(297,000)	(620,609)	(48,028)	360,067	(308,570)
<b>Balance at 30 June 2018, as restated (unaudited)</b>	61,532	1,359,438	105,464	(11,645)	140,497	2,692	778,570	2,436,548	2,000,000	760,307	5,196,855

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the equity holders of the Company										
	Share capital RMB'000	Perpetual convertible bond* RMB'000	Share premium* RMB'000	Statutory reserve* RMB'000	Exchange reserve* RMB'000	Capital reserve* RMB'000	Revaluation reserve* RMB'000	Retained earnings* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Balance at 1 January 2019, as previously reported</b>	61,532	2,666,100	1,359,438	181,447	(5,419)	(157,805)	2,692	1,986,037	6,094,022	4,510,024	10,604,046
Adjustment on adoption of HKFRS 16, net of tax (Note 3)	-	-	-	-	-	-	-	(5,869)	(5,869)	(5,464)	(11,333)
<b>Balance at 1 January 2019, as adjusted</b>	61,532	2,666,100	1,359,438	181,447	(5,419)	(157,805)	2,692	1,980,168	6,088,153	4,504,560	10,592,713
<b>Total comprehensive income for the Period</b>	-	-	-	-	-	-	-	209,591	209,591	(20,215)	189,376
Profit for the Period	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	5,480	-	-	-	5,480	5	5,485
— Currency translation differences	-	-	-	-	5,480	-	-	-	5,480	5	5,485
<b>Total comprehensive income</b>	-	-	-	-	5,480	-	-	209,591	215,071	(20,210)	194,861
<b>Transactions with owners</b>	4,725	-	411,135	-	-	-	-	-	415,860	-	415,860
Issuance of share capital, net of transaction costs	4,725	-	411,135	-	-	-	-	-	415,860	-	415,860
Conversion of perpetual convertible bond	10,664	(906,474)	895,810	-	-	-	-	-	-	-	-
Distributions to holders of perpetual convertible bond	-	-	(15,100)	-	-	-	-	-	(15,100)	-	(15,100)
2018 final dividend approved	-	-	(960,448)	-	-	-	-	-	(960,448)	-	(960,448)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	386,000	386,000
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	197	197
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	(50,000)	(50,000)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-
without change of control	-	-	-	-	-	3,032	-	-	3,032	(3,032)	-
<b>Total transactions with owners</b>	15,389	(906,474)	331,397	-	-	3,032	-	-	(556,656)	333,165	(223,491)
<b>Balance at 30 June 2019 (unaudited)</b>	76,921	1,759,626	1,690,835	181,447	61	(154,773)	2,692	2,189,759	5,746,568	4,817,515	10,564,083

\* These reserve accounts comprise the Group's reserves of RMB5,669,647 in the consolidated statement of financial position.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the six months ended 30 June 2019 RMB'000 (Unaudited)	For the six months ended 30 June 2018 RMB'000 (Unaudited) (Restated)
Net cash used in operating activities		(153,403)	(7,891,601)
Net cash used in investing activities		(265,659)	(2,750,476)
Net cash generated from financing activities (Note)		5,171,321	14,091,653
Net increase in cash and cash equivalents		4,752,259	3,449,576
Cash and cash equivalents as at 1 January		3,665,083	1,390,160
Effect of foreign exchange rates changes on cash and cash equivalents		15,188	1,510
Cash and cash equivalents as at 30 June	17	8,432,530	4,841,246

Note: Included in net cash used in financing activities for the six months ended 30 June 2019 were repayment of interest-bearing borrowings of approximately RMB35,326.57 million (corresponding period of the previous year: approximately RMB35,205.10 million).

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 1. GENERAL INFORMATION

The Company's functional currency is Hong Kong Dollars ("HK\$"). However, the interim condensed consolidated financial information for the six months ended 30 June 2019 (the "interim financial information") are presented in Renminbi ("RMB"), as the directors of the Company consider that RMB is the functional currency of the primary economic environment in which most of the Group's transactions are denominated and settled in and this presentation is more useful for its current and potential investors. The interim financial information are presented in thousands of RMB ("RMB'000"), unless otherwise stated.

Well Land International Limited ("Well Land") is the Company's immediate holding company which was incorporated in the British Virgin Islands ("BVI") with limited liability and Xiamen C&D Corporation Limited ("Xiamen C&D") which was incorporated in the People's Republic of China ("PRC") with limited liability is the Company's ultimate holding company.

## 2. BASIS OF PREPARATION

The interim financial information is prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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

### Business combination under common control

During the period from 1 July 2018 to 30 June 2019, Xiamen Yi Yue Property Company Limited\* (廈門益悅置業有限公司) ("Xiamen Yi Yue") and Xiamen C&D Property Management Service Company Limited\* (廈門建發物業管理服務有限公司) ("C&D Property"), indirect wholly-owned subsidiaries of the Company have entered into the following agreements (the "Transactions"):

- (i) C&D Property entered into an equity transfer agreement with C&D Real Estate Corporation Limited\* (建發房地產集團有限公司) ("C&D Real Estate"), pursuant to which C&D Real Estate agreed to sell and C&D Property agreed to purchase 100% equity interests in Huijia (Xiamen) Property Management Company Limited\* (匯嘉(廈門)物業管理有限公司) and its subsidiary ("Huijia Group") at a total cash consideration of RMB37,580,000 ("Huijia Acquisition"). The acquisition was completed on 11 July 2018.

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 2. BASIS OF PREPARATION *(Continued)*

### **Business combination under common control** *(Continued)*

- (ii) C&D Property entered into an equity transfer agreement with C&D Real Estate and a fellow subsidiary, Xiamen Liyuan Investment Company Limited\* (廈門利源投資有限公司) (“Xiamen Liyuan”), pursuant to which C&D Real Estate and Xiamen Liyuan agreed to sell and C&D Property agreed to purchase 100% equity interests in Yijiyuan (Xiamen) Property Management Company Limited\* (怡家園(廈門)物業管理有限公司) and its subsidiaries (“Yijiyuan Group”) at a total cash consideration of RMB75,893,000 (“Yijiyuan Acquisition”). The acquisition was completed on 11 July 2018.

Details of Huijia Acquisition and Yijiyuan Acquisition have been set out in the Company’s announcement dated 3 April 2018 and circular dated 20 June 2018.

- (iii) Xiamen Yi Yue entered into an equity transfer agreement with a fellow subsidiary, Xiamen Jiacheng Investment Development Company Limited\* (廈門嘉誠投資發展有限公司) (“Xiamen Jiacheng”), pursuant to which Xiamen Jiacheng agreed to sell and Xiamen Yi Yue agreed to purchase 100% equity interests in Xiamen Jiafu Investment Company Limited\* (廈門嘉富投資有限公司) (“Xiamen Jiafu”) at a total cash consideration of RMB40,145,000 (“Xiamen Jiafu Acquisition”). Details of the Xiamen Jiafu Acquisition have been set out in the Company’s announcement dated 28 June 2018. The acquisition was completed on 23 July 2018.
- (iv) Xiamen Yi Yue entered into an equity transfer agreement with fellow subsidiaries, C&D Real Estate Corporation Shanghai Company Limited\* (建發房地產集團上海有限公司) and Xiamen Zhaoshang Property Company Limited\* (廈門兆尚置業有限公司) (together, the “Vendors”), pursuant to which the Vendors agreed to sell and Xiamen Yi Yue agreed to purchase 100% equity interests in Suzhou Zhaokun Property Development Company Limited\* (蘇州兆坤房地產開發有限公司) (“Suzhou Zhaokun”) at a total cash consideration of RMB75,984,000 (“Suzhou Zhaokun Acquisition”). The acquisition was completed on 26 December 2018.
- (v) Xiamen Yi Yue entered into an equity transfer agreement with a fellow subsidiary, Xiamen Jianrui Real Estate Development Company Limited\* (廈門建瑞房地產開發有限公司) (“Xiamen Jianrui”), pursuant to which Xiamen Jianrui agreed to sell and Xiamen Yi Yue agreed to purchase 100% equity interests in Longyan Lirui Real Estate Development Company Limited\* (龍岩利瑞房地產開發有限公司) (“Longyan Lirui”) at a total cash consideration of RMB50,123,000 (“Longyan Lirui Acquisition”). The acquisition was completed on 24 December 2018.
- (vi) Xiamen Yi Yue entered into an equity transfer agreement with a fellow subsidiary, Jianyang Jiasheng Property Development Company Limited\* (建陽嘉盛房地產有限公司) (“Jianyang Jiasheng”), pursuant to which Jianyang Jiasheng agreed to sell and Xiamen Yi Yue agreed to purchase 75% equity interests in Jian’ou Fayun Real Estate Company Limited\* (建甌發雲房地產有限公司) (“Jian’ou Fayun”) at a total cash consideration of RMB25,208,000 (“Jian’ou Fayun Acquisition”). The acquisition was completed on 29 December 2018.
- (vii) Xiamen Yi Yue entered into an equity transfer agreement with Jianyang Jiasheng, pursuant to which Jianyang Jiasheng agreed to sell and Xiamen Yi Yue agreed to purchase 75% equity interests in Jian’ou Zhongheng Real Estate Company Limited\* (建甌中恒房地產有限公司) (“Jian’ou Zhongheng”) at a total cash consideration of RMB4,160,000 (“Jian’ou Zhongheng Acquisition”). The acquisition was completed on 29 December 2018.

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 2. BASIS OF PREPARATION *(Continued)*

### **Business combination under common control** *(Continued)*

(viii) Xiamen Yi Yue entered into an equity transfer agreement with Jianyang Jiasheng, pursuant to which Jianyang Jiasheng agreed to sell and Xiamen Yi Yue agreed to purchase 70% equity interests in Jian'ou Jiajing Real Estate Company Limited\* (建甌嘉景房地產有限公司) ("Jian'ou Jiajing") at a total cash consideration of RMB496,000 ("Jian'ou Jiajing Acquisition"). The acquisition was completed on 27 December 2018.

Details of Suzhou Zhaokun Acquisition, Longyan Lirui Acquisition, Jian'ou Fayun Acquisition, Jian'ou Zhongheng Acquisition and Jian'ou Jiajing Acquisition have been set out in the Company's announcement dated 23 October 2018 and circular dated 24 November 2018.

(ix) On 26 December 2018, C&D Property entered into an equity transfer agreement with a fellow subsidiary, Xiamen Pinchuan Real Estate Consultant Co., Ltd.\* (廈門品傳置業顧問有限公司) ("Xiamen Pinchuan"), pursuant to which Xiamen Pinchuan agreed to sell and C&D Property agreed to purchase 100% equity interests in Xiamen Zaijia Yiju Information Technology Co., Ltd\* (廈門在家怡居信息科技有限公司) ("Xiamen Zaijia Yiju") at a total cash consideration of RMB513,000 ("Xiamen Zaijia Yiju Acquisition"). The acquisition was completed on 26 December 2018.

- The financial statements have been prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA, as if the acquisitions had been completed at the beginning of the earliest period presented.

The consolidated statement of profit or loss, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the six months ended 30 June 2018 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the dates when the subsidiaries first came under common control of the substantial shareholder, where this is a shorter period.

Equity interests in subsidiaries and/or businesses held by parties other than the substantial shareholder prior to the Transactions are presented as non-controlling interests in equity in applying the principles of merger accounting.

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 3. ADOPTION OF NEW AND AMENDED HKFRSS

### **New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2019**

During the Period, the Group has applied for the first time the following new and amended Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, which are relevant to the Group’s operations and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2019:

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

Other than as noted below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 3. ADOPTION OF NEW AND AMENDED HKFRS (Continued)

### New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2019 (Continued)

#### HKFRS 16 "Leases"

HKFRS 16 "Leases" ("HKFRS 16") will replace HKAS 17 "Leases" ("HKAS 17").

Currently the Group classifies leases into operating leases. The Group enters into some leases as the lessee and others as the lessor.

HKFRS 16 does not impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease, the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 primarily affects the Group's accounting as a lessee of leases for properties which are currently classified as operating leases. The application of the new accounting model will lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease.

As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application.

The impact on financial statements for application of HKFRS 16 is set out in Note 4.

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 3. ADOPTION OF NEW AND AMENDED HKFRSS *(Continued)*

### Issued but not yet effective HKFRSSs

The Group has not early adopted the following new or amended HKFRSSs which have been issued but are not yet effective for the current accounting period:

Amendments to HKFRS 3	Definition of a Business <sup>1</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

- 1 Effective for annual periods beginning on or after 1 January 2020  
2 Effective for annual periods beginning on or after 1 January 2021  
3 Effective date to be determined

## 4. CHANGE IN ACCOUNTING POLICY

As explained in Note 3 above, the Group has adopted HKFRS 16 since 1 January 2019, resulting in changes in accounting policies and adjustments to amounts recognized in the financial statements. In accordance with the provisional transitional provisions of HKFRS 16, the Group has not restated the basis of comparison.

Accordingly, the cumulative impact of the initial application will be recognized as an adjustment to the opening balance of equity at 1 January 2019.

The following table summarizes the impact of transition to HKFRS 16 on retained earnings and the related items at 1 January 2019.

	Right-of-use assets RMB'000	Deferred tax assets RMB'000	Lease liabilities RMB'000	Retained earnings RMB'000	Non-controlling interests RMB'000
Carrying amount at 31 December 2018	–	873,924	–	1,986,037	4,510,024
Effect arising from initial application of HKFRS 16	80,617	3,778	95,728	(5,869)	(5,464)
Carrying amount at 1 January 2019 under HKFRS 16	<b>80,617</b>	<b>877,702</b>	<b>95,728</b>	<b>1,980,168</b>	<b>4,504,560</b>

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 5. REVENUE

Revenue from the Group's principal activities recognised during the Period is as follows:

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited) (Restated)
Sales of properties	900,069	559,429
Property management income	266,366	206,091
Commercial assets management income (Note)	77,521	76,462
Entrusted construction services income	28,868	127,115
Smart construction services income	4,943	295
	<b>1,277,767</b>	969,392

Note: Commercial assets management income mainly comprises rental income from property leasing of RMB56,560,000 (corresponding period of the previous year: approximately RMB68,747,000) and property management income of approximately RMB8,622,000 (corresponding period of the previous year: approximately RMB7,715,000) for the Period. The Group has contingent rental income of investment properties of approximately RMB384,000 (corresponding period of the previous year: approximately RMB638,000) for the Period. The contingent rental income of investment properties was calculated based on a percentage of the relevant sales of the tenants pursuant to the rental agreements.

## 6. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has five reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. All inter-segment transfer, if any, are carried out at arm's length price. The following summary describes the operations in each of the Group's reportable segments:

Property development	—	Construction and sales of residential units, commercial shops and car parking spaces;
Property management services	—	Rendering of property management services (Note);
Commercial assets management	—	Leasing of commercial units, residential units and commercial shops and rendering of building management services;
Entrusted construction services	—	Rendering of management and construction services; and
Smart construction services	—	Rendering of smart construction services

Note: The Group had acquired a new business segment, "Property management services" from the business combination under common control. The comparative segment information has been restated accordingly.

The measurement policies the Group uses for reporting segment results under HKFRS 8 "Operating segments" are the same as those used in its financial statements prepared under HKFRSs, except for corporate income and expenses (including income tax expense) which are not directly attributable to the business activities of any operating segment and are not included in arriving at the operating results of the operating segment.

Segment assets include all assets except for unallocated associates, unallocated joint venture, unallocated deferred tax assets and unallocated corporate assets. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include unallocated taxation liabilities and deferred tax liabilities, which are not directly attributable to the business activities of any operating segment.

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 6. SEGMENT INFORMATION *(Continued)*

### Segment revenue and results

	Property development RMB'000 (unaudited)	Property management RMB'000 (unaudited)	Commercial assets management RMB'000 (unaudited)	Entrusted construction services RMB'000 (unaudited)	Smart construction services RMB'000 (unaudited)	Total RMB'000 (unaudited)
For the six months ended 30 June 2019						
Reportable segment revenue	900,069	306,873	78,996	28,868	4,943	1,319,749
Inter-segment revenue	-	(40,507)	(1,475)	-	-	(41,982)
Revenue from contracts with external customer	900,069	266,366	77,521	28,868	4,943	1,277,767
Reportable segment profit before income tax	249,265	29,492	29,149	22,405	117	330,428
Other segment information:						
Interest income	66,082	245	645	4	1	66,977
Interest expenses	(90,340)	(1,020)	(7,624)	(300)	-	(99,284)
Amortisation of interests in leasehold land	-	-	(5)	-	-	(5)
Loss on changes in fair value of investment properties	-	-	(2,097)	-	-	(2,097)
Depreciation of property, plant and equipment	(1,096)	(1,394)	(7,290)	(9)	(2)	(9,791)
For the six months ended 30 June 2018 (Restated)						
Reportable segment revenue	559,429	221,733	77,902	127,115	295	986,474
Inter-segment revenue	-	(15,642)	(1,440)	-	-	(17,082)
Revenue from contracts with external customer	559,429	206,091	76,462	127,115	295	969,392
Reportable segment profit/(loss) before income tax	101,322	29,114	35,623	123,319	(860)	288,518
Other segment information:						
Interest income	31,194	26,331	523	26	1	58,075
Interest expenses	(82,701)	(20,633)	(4,851)	(1,840)	-	(110,025)
Amortisation of interests in leasehold land	-	-	(5)	-	-	(5)
Depreciation of property, plant and equipment	(374)	(1,219)	(7,414)	-	(1)	(9,008)

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 6. SEGMENT INFORMATION *(Continued)*

### Segment assets and liabilities

	Property development RMB'000	Property management RMB'000	Commercial assets management RMB'000	Entrusted construction service RMB'000	Smart construction services RMB'000	Total RMB'000
<b>As at 30 June 2019</b> (Unaudited)						
Reportable segment assets	77,189,234	120,439	1,470,585	26,520	8,054	78,814,832
Reportable segment liabilities	(66,254,023)	(1,281,280)	(643,340)	(9,237)	(5,003)	(68,192,883)
<b>Other segment information:</b>						
Additions to non-current assets (except financial instruments and deferred tax assets)	9,099	1,340	77,582	18	–	88,039
Interests in associates	2,059,121	–	–	–	–	2,059,121
<b>As at 31 December 2018</b> (Audited)						
Reportable segment assets	61,160,099	99,006	1,425,067	7,713	10,016	62,701,901
Reportable segment liabilities	(50,232,426)	(1,359,584)	(547,754)	(7,931)	(4,986)	(52,152,681)
<b>Other segment information:</b>						
Additions to non-current assets (except financial instruments and deferred tax assets)	19,857	4,926	592,933	70	6	617,792
Interests in associates	1,765,066	–	–	–	–	1,765,066

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 6. SEGMENT INFORMATION *(Continued)*

The totals presented for the Group's operating segments reconciled to the Group's key financial figures as follows:

	For the six months ended	
	30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Reportable segment revenue	1,319,749	986,474
Inter-segment revenue elimination	(41,982)	(17,082)
<b>Consolidated revenue</b>	<b>1,277,767</b>	969,392
Reportable segment profit before income tax	330,428	288,518
Unallocated interest income	–	6
Unallocated interest expenses	(251)	(34)
Unallocated share of loss of associates	(487)	–
Unallocated share of profit of joint venture	6,485	–
Unallocated income and expenses	(2,274)	(5,517)
Unallocated depreciation	(250)	(293)
<b>Consolidated profit before income tax for the Period</b>	<b>333,651</b>	282,680
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Reportable segment assets	78,814,832	62,701,901
Unallocated associates	18,745	11,185
Unallocated joint venture	43,126	45,405
Unallocated deferred tax assets	–	786
Unallocated corporate assets	901,406	15,677
<b>Total consolidated assets</b>	<b>79,778,109</b>	62,774,954
Reportable segment liabilities	(68,192,883)	(52,152,681)
Unallocated taxation liabilities	(781)	–
Unallocated deferred tax liabilities	–	–
Unallocated withholding tax liabilities	(14,633)	(14,633)
Unallocated corporate liabilities	(1,005,729)	(3,594)
<b>Total consolidated liabilities</b>	<b>(69,214,026)</b>	(52,170,908)

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 6. SEGMENT INFORMATION *(Continued)*

Segment assets consist primarily of property, plant and equipment, investment properties, interests in leasehold land, interests in associates, other non-current financial assets, deposits for acquisitions of land use rights, inventories of properties and other contract costs, trade and other receivables, amounts due from non-controlling interests, cash at bank and in hand and prepaid tax.

Segment liabilities consist primarily of advances received from the pre-sale of properties under development and properties held for sale, contract liabilities, trade and other payables, loans from intermediate holding companies, amounts due to non-controlling shareholders and intermediate holding companies, interest-bearing borrowings, receipts under securitisation arrangements and deferred tax liabilities.

As chief operating decision-maker of the Group considers most of the Group's revenue and results are attributable to the market in the PRC and the Group's assets are substantially located inside the PRC, no geographical information is presented.

For the six months ended 30 June 2018 and 2019, the Group did not depend on any single customer under each of the segments.

## 7. OTHER INCOME

	For the six months ended	
	30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Interest income from:		
— banks	20,537	14,253
— loans to associates	34,647	2,082
— financial assets at amortised cost	—	1,147
— others	11,793	40,599
	<b>66,977</b>	58,081
Compensation income	5,865	3,249
Gain on changes in fair value of financial assets measured at FVTPL	5,890	6,000
Gain on disposal of investment properties	7,806	—
Gain on disposal of associates	3,213	—
Government grants	2,098	2,577
Sundry income	5,996	1,470
	<b>97,845</b>	71,377

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 8. FINANCE COSTS

	For the six months ended	
	30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Interest charges on:		
Bank borrowings	<b>252,540</b>	189,212
Loans from intermediate holding companies	<b>509,192</b>	408,512
Amounts due to non-controlling shareholders	<b>47,360</b>	10,180
Receipts under securitisation arrangements	<b>102,392</b>	20,633
Significant financing component of contract liabilities	<b>260,068</b>	–
New standards on leases	<b>1,529</b>	–
Total borrowing costs	<b>1,173,081</b>	628,537
Less: Interest capitalised	<b>(1,073,546)</b>	(518,478)
	<b>99,535</b>	110,059

Borrowing costs have been capitalised at various applicable rates ranging from 3.50% to 10% per annum (corresponding period of the previous year: 4.51% to 8% per annum (restated)).

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 9. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited) (Restated)
Amortisation of interests in leasehold land	5	5
Auditor's remuneration	–	–
Cost of properties sold	475,785	331,499
Depreciation of property, plant and equipment	10,041	9,301
Loss on disposal of property, plant and equipment	–	77
Net foreign exchange gain	3	(308)
Operating lease charges	1,973	8,067
Amortisation of right-of-use assets	6,330	–
Outgoings in respect of investment properties that generated rental income	1,434	1,999

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 10. INCOME TAX EXPENSE

	For the six months ended	
	30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
<b>Current income tax</b>		
PRC corporate income tax		
— The period	370,251	175,113
— (Over)/Under provision in respect of prior years	(368)	30
	<b>369,883</b>	175,143
PRC land appreciation tax	98,750	44,813
	<b>468,633</b>	219,956
<b>Deferred tax</b>	<b>(324,358)</b>	(114,074)
<b>Total income tax expense</b>	<b>144,275</b>	105,882

Notes:

**(a) Hong Kong profits tax**

No Hong Kong profits tax has been provided as the Group did not derive any assessable profit arising in Hong Kong during the Period (2018: Nil).

**(b) PRC corporate income tax**

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the Period, based on the existing legislation, interpretations and practices in respect thereof.

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2018: 25%).

**(c) PRC land appreciation tax ("LAT")**

Under the Provisional Rules on LAT Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including cost of land use rights, borrowing costs, business tax and all property development expenditures. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

**(d) PRC withholding income tax**

Pursuant to the Detailed Implementation Regulations for implementation of the new CIT Law issued on 6 December 2007, a 10% withholding income tax shall be levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends coming from the profits generated by the PRC companies after 1 January 2008 shall be subject to this withholding income tax.

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 11. DIVIDEND

The Board proposed not to declare an interim dividend for the Period (corresponding period of the previous year: Nil).

## 12. EARNINGS PER SHARE

### (A) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the Period attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the Period.

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited) (Restated)
Profit for the Period attributable to the equity holders of the Company	<b>209,591</b>	130,983
Distributions to holders of perpetual convertible bond	<b>(15,100)</b>	–
Profit used to determine basic earnings per share	<b>194,491</b>	130,983
Weighted average number of ordinary shares in issue during the period (thousands)	<b>798,677</b>	734,865
Earnings per share (expressed in RMB cents per share)	<b>24.35</b>	17.82

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 12. EARNINGS PER SHARE *(Continued)*

### (B) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to assume conversion of all dilutive potential ordinary shares.

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited) (Restated)
Profit for the period attributable to the equity holders of the Company	209,591	130,983
Weighted average number of ordinary shares for the purpose of basic earnings per share (thousands)	798,677	734,865
Effect of dilutive potential ordinary share: Perpetual convertible bond (thousands)	309,184	–
Weighted average number of ordinary shares in issue (thousands)	1,107,861	734,865
Earnings per share (expressed in RMB cents per share)	18.92	17.82

## 13. INVESTMENT PROPERTIES

Movements of the carrying amounts presented in the consolidated statement of financial position can be summarised as follows:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
	Carrying amount at 1 January	1,238,730
Acquisition of subsidiary	–	591,091
Change in fair value of investment properties	(2,097)	5,309
Additions		
— Subsequent expenditures	5,497	–
Disposal	(2,400)	–
Carrying amount at 30 June 2019/31 December 2018	1,239,730	1,238,730

As at 30 June 2019, the fair value of investment properties of RMB602,000,000 (As at 31 December 2018: RMB596,000,000) have been pledged to banks to secure the Group's bank borrowings. Details of the secured bank borrowings are set out in Note 20.

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 13. INVESTMENT PROPERTIES *(Continued)*

The analysis of the net carrying amounts of investment properties according to lease periods are as follows:

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
In PRC:		
Leases of between 10 to 50 years	<b>1,239,730</b>	1,238,730

### Valuation process and methodologies

Investment properties were valued at 30 June 2019 and 31 December 2018 by independent, professional and qualified valuers, DTZ Debenham Tie Leung International Property Advisers (Guangzhou) Co., Ltd. ("DTZ"), who has the relevant experience in the location and category of properties being valued.

There was no change to the valuation techniques during the Period. The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

Discussions of valuation processes and results are held between management and the valuer on a semi-annual basis, in line with the Group's interim and annual reporting dates.

### Fair value hierarchy

Fair value adjustment of investment properties is recognised in the line item "Gain on changes in fair value of investment properties" on the face of the consolidated statement of profit or loss and other comprehensive income.

The following table shows the Group's investment properties measured at fair value in the consolidated statement of financial position on a recurring basis, categorised into three levels of a fair value hierarchy. The levels are based on the observability of significant inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 13. INVESTMENT PROPERTIES *(Continued)*

### Fair value hierarchy *(Continued)*

	Fair value measurements categorised into			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Fair value RMB'000
<b>Recurring fair value measurement</b>				
<b>As at 30 June 2019</b>				
<b>Investment properties</b>	–	–	1,239,730	1,239,730
As at 31 December 2018				
Investment properties	–	–	1,238,730	1,238,730

There were no transfers into or out of Level 3 during the Period. The Group's policy is to recognise transfers between levels of fair value hierarchy in the reporting period in which they occur.

The fair value of investment properties is determined using the direct capitalisation method by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties. The fair value measurement is positively correlated to the market monthly rental rate and factors adjustment, and negatively correlated to capitalisation rate.

	Valuation techniques	Significant unobservable inputs	Range	
			30 June 2019	31 December 2018
Investment properties (Nanning District)	Direct capitalisation method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc (RMB/sq.m.)	40–1,400	35–1,400
		Capitalisation rate of reversionary income	3.50%–7.25%	3.50%–7.25%
Investment properties (Shanghai District)	Direct capitalisation method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc (RMB/sq.m.)	217–542	236–590
		Capitalisation rate of reversionary income	6.00%–6.50%	6.00%–6.50%

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 14. OTHER CURRENT/NON-CURRENT FINANCIAL ASSETS

	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
<b>Other current financial assets:</b>		
<b>Financial assets at amortised cost</b>		
Listed senior tranche security (Note (i))	100,000	–
Debt investment	3,000	–
	<b>103,000</b>	–
<b>Financial assets measured at fair value through profit or loss</b>		
Unlisted subordinated tranche securities (Note (ii))	96,470	–
	<b>199,470</b>	–
<b>Other non-current financial assets:</b>		
<b>Financial assets at amortised cost</b>		
Listed senior tranche security (Note (i))	–	100,000
Debt investment	–	3,000
	–	103,000
<b>Financial assets measured at fair value through profit or loss</b>		
Unlisted subordinated tranche securities (Note (ii))	33,260	124,540
Unlisted equity securities (Note (iii))	72,200	71,500
Unlisted investment funds	10,000	10,000
	<b>115,460</b>	206,040
	<b>115,460</b>	309,040

Notes:

- (i) As at 30 June 2019 and 31 December 2018, the amount comprised a RMB100,000,000 fixed coupon rate of 6.3% per annum of senior tranche security. The maturity date is in April 2020.
- (ii) As at 30 June 2019, the amount comprised a RMB33,260,000 and RMB96,470,000 non-tradable zero coupon subordinated tranche securities as stipulated in the receipts under securitisation arrangements. The subordinated tranche securities will be matured in July 2026 and April 2020 respectively.
- (iii) As at 30 June 2019 and 31 December 2018, unlisted equity securities represented approximately 10.5% equity interest in Hangzhou Zhenlu Investment Company Limited\* (杭州臻祿投資有限公司), a company in the PRC.

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 15. INVENTORIES OF PROPERTIES AND OTHER CONTRACT COSTS

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Inventories of properties		
Properties under development (Note (a))	<b>55,455,862</b>	48,070,624
Properties held for sale (Note (a))	<b>1,255,906</b>	1,731,691
	<b>56,711,768</b>	49,802,315
Other contract costs (Note (b))	<b>202,011</b>	131,277
	<b>56,913,779</b>	49,933,592
Inventories of properties	<b>56,760,103</b>	49,850,650
<b>Less: Provision for inventories</b>	<b>(48,335)</b>	(48,335)
	<b>56,711,768</b>	49,802,315

Notes:

### (a) Inventories of properties

The properties under development and properties held for sale are located in the PRC and Australia. The relevant land use rights are on leases of 40 to 70 years.

As at 30 June 2019, the carrying amount of properties under development of approximately RMB16,981,930,000 (As at 31 December 2018: approximately RMB10,876,658,000) have been pledged to banks to secure the Group's bank borrowings. Details of the secured bank borrowings are set out in Note 20.

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 15. INVENTORIES OF PROPERTIES AND OTHER CONTRACT COSTS *(Continued)*

Notes: *(Continued)*

### (a) Inventories of properties *(Continued)*

The properties held for sale and properties under development of the Group are located as follows:

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Properties under development		
— PRC	<b>55,393,168</b>	48,009,480
— Australia	<b>62,694</b>	61,144
	<b>55,455,862</b>	48,070,624
Properties held for sale		
— PRC	<b>1,255,906</b>	1,731,691
	<b>1,255,906</b>	1,731,691
	<b>56,711,768</b>	49,802,315

### (b) Other contract costs

Contract costs capitalised as at 30 June 2019 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of "selling expenses" in the consolidated statement of profit or loss and other comprehensive income in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the Period was approximately RMB6,796,000. There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the Period.

The Group applies the practical expedient in paragraph 94 of HKFRS 15 and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is within the same reporting period as the date of entering into the contract.

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 16. TRADE AND OTHER RECEIVABLES

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
<b>Trade receivables</b>		
From third parties	<b>34,463</b>	71,155
Less: Accumulated impairment loss	<b>(1,314)</b>	(3,606)
	<b>33,149</b>	67,549
<b>Other receivables</b>		
Deposits	<b>63,029</b>	57,557
Prepayment	<b>57,637</b>	34,654
Other receivables	<b>106,351</b>	247,129
Prepayment for proposed development projects (Note)	<b>913,102</b>	1,407,972
Value-added-tax and other tax receivables	<b>1,314,916</b>	583,834
	<b>2,455,035</b>	2,331,146
Less: Loss allowance	<b>(3,354)</b>	(5,052)
	<b>2,451,681</b>	2,326,094
	<b>2,484,830</b>	2,393,643

Note: The Group has entered into several contractual arrangements with independent third parties in respect of the proposed acquisitions of equity interests in certain PRC entities, which owns land use rights or property development projects in the PRC.

The directors of the Group considered that the fair values of trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 16. TRADE AND OTHER RECEIVABLES *(Continued)*

Trade receivables generally have credit terms of 30 days and no interest is charged. Trade receivables in respect of sales of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. For the trade receivables derived from rental income, building management fee income, entrusted services income and smart construction services income, the income is paid in accordance with the terms of the respective agreements and the balance is due on presentation.

Based on the invoice dates, the ageing analysis of the trade receivables is as follows:

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
0-30 days	<b>23,527</b>	62,353
31-90 days	<b>2,937</b>	715
91-180 days	<b>1,266</b>	351
181-365 days	<b>4,259</b>	135
Over 1 year	<b>1,160</b>	3,995
	<b>33,149</b>	67,549

Movements of the Group's provision for impairment of trade receivables are as follows:

	RMB'000
At 31 December 2018	3,606
Reversal of provision for impairment	(2,292)
At 30 June 2019	1,314

Movements of the Group's loss allowance on other receivables are as follows:

At 31 December 2018	5,052
Reversal of provision for impairment	(1,698)
At 30 June 2019	3,354

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. The Group applies the simplified approach of 12-month ECL method on trade receivables and other receivables and to provide for ECL prescribed by HKFRS 9. During the six months ended 30 June 2019, the Group has reversed the provision of impairment for trade receivables and other receivables of approximately RMB2,292,000 and RMB1,698,000 respectively.

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 17. CASH AT BANK AND IN HAND

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Cash at bank and in hand	<b>8,432,530</b>	3,665,083
Restricted bank deposits	<b>1,012,015</b>	882,358
	<b>9,444,545</b>	4,547,441

Included in cash at bank and in hand of the Group is approximately RMB8,551,930,000 (31 December 2018: approximately RMB4,537,040,000) of bank balances denominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

Restricted bank deposits represented guarantee deposits for construction of pre-sale properties denominated in RMB placed in designated accounts. In accordance with relevant government requirements, certain property development companies of the Group are required to place in designated bank accounts certain amount of pre-sale proceeds as guarantee deposits for the constructions of the related properties. The deposits can only be used for payments for construction costs of the relevant properties when approval from related government authority is obtained. Such guarantee deposits will be released after the completion of construction of the related properties.

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 18. TRADE AND OTHER PAYABLES

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
<b>Trade payables</b>	<b>2,138,562</b>	3,293,017
<b>Other payables</b>		
Accrued and other payables	244,341	231,140
Deposits received	161,727	171,493
Receipts in advance	167,745	95,478
Other tax payables	113,042	150,362
Salaries payable	76,169	245,721
Interest payable	68,370	107,890
Collection and payment on behalf of others	77,235	142,200
Dividend payable	960,465	16
	<b>1,869,094</b>	1,144,300
	<b>4,007,656</b>	4,437,317

The carrying values of trade and other payables are considered to be a reasonable approximation of their fair values.

The credit terms of trade payables vary according to the terms agreed with different suppliers. Included in trade payables are trade creditors with the following aging analysis, based on invoice dates, as at the end of the Period:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
0-30 days	1,299,270	2,929,033
31-90 days	216,752	57,904
Over 90 days	622,540	306,080
	<b>2,138,562</b>	3,293,017



## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

### 20. INTEREST-BEARING BORROWINGS

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Bank loans		
— Secured	<b>4,997,501</b>	5,326,402
— Unsecured	<b>7,073,649</b>	3,022,205
	<b>12,071,150</b>	8,348,607

The Group's bank loans were repayable as follows:

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Carrying amount repayable		
Within one year or on demand	<b>2,296,118</b>	1,554,077
In the second year	<b>1,655,198</b>	522,663
In the third to fifth year	<b>8,103,220</b>	6,105,221
After the fifth year	<b>16,614</b>	166,646
	<b>12,071,150</b>	8,348,607
Less: Amounts shown under current liabilities	<b>(2,296,118)</b>	(1,554,077)
	<b>9,775,032</b>	6,794,530

As at 30 June 2019 and 31 December 2018, the Group's bank loan was secured by the legal charges over the Group's property, plant and equipment with carrying value of approximately RMB10,077,000 (As at 31 December 2018: approximately RMB10,219,000 (restated)), properties under development with carrying value of approximately RMB16,981,930,000 (As at 31 December 2018: approximately RMB10,876,658,000 (restated)) and investment properties with fair value of approximately RMB602,000,000 (As at 31 December 2018: RMB596,000,000).

As at 30 June 2019 and 31 December 2018, the unsecured borrowings were guaranteed by C&D Real Estate, the intermediate holding company of the Group.

As at 30 June 2019 and 31 December 2018, the bank loans of approximately RMB2,062,862,000 (As at 31 December 2018: RMB1,114,154,000) and RMB16,614,000 (As at 31 December 2018: RMB16,646,000) were denominated in HK\$ and Australian dollar ("AUD").

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 21. RECEIPTS UNDER SECURITISATION ARRANGEMENTS

These represented proceeds received from issuance of receipts under securitisation arrangements collateralised by certain future trade receivables for the remaining receipts from sales of properties and property management service, less amounts prepaid. These securities bear an effective interest rate ranging from 5.36% to 6.40% per annum and are repayable in April 2020 and July 2026 respectively. The Company holds all subordinated tranche.

## 22. SHARE CAPITAL

	Number of shares	Amount RMB'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.1 each		
At 31 December 2018 (audited) and 30 June 2019 (unaudited)	3,000,000,000	254,870
<b>Issued and fully paid:</b>		
At 31 December 2018 (audited)	734,864,745	61,532
At 30 June 2019 (unaudited)	909,864,745	76,921

## 23. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group entered into following transactions with related parties:

Name of related parties	Nature of transactions	For the six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited) (Restated)
<b>Intermediate holding companies:</b>			
C&D Real Estate (Note (a))	Interest expenses on loan from intermediate holding company	509,192	407,315
C&D Real Estate (Note (d))	Property management income	46,967	42,508
<b>Associates:</b>			
Longyan Lirong (Note (b))	Interest income on loans to associates	–	2,082
Longyan Lirong (Note (c))	Construction management fee received	15,000	53,774
Wuhan Zhaoyuecheng (Note (b))	Interest income on loans to associate	15,202	–
Xiamen Zhaoyulong Real Estate Development Company Limited (Note (b))	Interest income on loans to associate	7,371	–
<b>Fellow subsidiaries:</b>			
Xiamen Heshan Construction and Development Limited (“Heshan Construction”) (Note (c))	Construction management fee received	7,264	3,840
Jiayang District Nanping Jiaying Real Estate Company Limited (“Jiaying Real Estate”) (Note (c))	Construction management fee received	–	11,323

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 23. RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

- (a) During the six months ended 30 June 2019, the Group incurred loan interest expenses of RMB509,192,000 (2018: interest expenses of RMB407,315,000) to C&D Real Estate, the intermediate holding companies. Pursuant to framework loan agreement with C&D Real Estate whereby C&D Real Estate agreed to grant RMB30,000 million loan facilities to certain subsidiaries of the Company for their project development at the benchmark lending interest rate promulgated by the PBOC.
- (b) During the six months ended 30 June 2019, the Group earned interest income of RMB15,202,000 from Wuhan Zhaoyuecheng and RMB7,371,000 from Xiamen Zhaoyulong Real Estate Development Company Limited, respectively by granting loans for their operations at 4.75% and 7% interest rate per annum.
- (c) During the six months ended 30 June 2019, the Group earned construction management fee income by providing services ranging from design, construction and completion to delivery throughout the project construction process with Longyan Lirong and Heshan Construction.
- (d) During the six months ended 30 June 2019, the Group earned property management income from the subsidiaries of C&D Real Estate.

### Key management personnel remuneration

Key management of the Group are members of the Board of Directors and senior management. Included in employee benefit expenses are key management personnel remuneration which includes the following expenses:

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Basic salaries and allowances (Note)	2,126	2,020
Retirement benefit scheme contributions	22	15
	<b>2,148</b>	2,035

Note: Included the director's fees of three executive Directors for the six months ended 30 June 2019. During the Period, three executive directors have agreed to waive their director's fee for the three months ended 31 March 2019.

## 24. EVENTS AFTER THE REPORTING DATE

Save as disclosed elsewhere in this report, there were no significant events subsequent to 30 June 2019.

# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET REVIEW

In the first half of 2019, the Chinese government focused on establishing and improving a long-term mechanism for the stable and healthy development of the real estate market under the policy direction of “stabilizing land prices, stabilizing housing prices, stabilizing market expectations and avoiding risks” and the guiding policies of “no speculation of residential properties” and “implementation customized for city”. As for the credit environment, the real estate financing experienced a “loose first and tight afterwards” trend in the first half of 2019, and the real estate financing has started to tighten since the second quarter. As for the land market, the land auction began to pick up since March 2019. With the government’s monitoring and regulation of land supply and loan financing, land prices gradually cooled down in the second quarter and the market became more rational.

With the increasing household consumption, demand for service upgrade has gradually become the main driving factor for the future market. Real estate enterprises will compete with each another mainly in terms of quality product development capability, brand marketing capability and operation management capability.

## BUSINESS REVIEW

The Group is principally engaged in the business of property development, real estate industrial chain investment services and emerging industry investment. During the Period, the main source of revenue for the Company was sales of properties.

The Group recorded profit attributable to equity holders of the Company for the Period of approximately RMB209.59 million (corresponding period of the previous year: profit attributable to equity holders of the Company of approximately RMB130.98 million (restated); corresponding period of the previous year: approximately RMB132.85 million (before restated)). Profit attributable to the equity holders of the Company during the Period increased by approximately 60.02% as compared with that for the corresponding period of the previous year (restated). The main reason for the increase was revenue and profit realized from the delivery of several real estate development projects of the Group as compared with the corresponding period of the previous year.

### Property Development Business

#### Sales of Properties for the Period

For the Period, the Group’s revenue from sales of properties was approximately RMB900.07 million, representing an increase of approximately RMB340.64 million as compared with the corresponding period of the previous year (restated) and accounting for approximately 70.44% of the Group’s total revenue. During the Period, the gross floor area (“GFA”) of delivered properties was approximately 89,700 sq.m., representing an increase of approximately 31,800 sq.m. as compared with the corresponding period of the previous year (restated). The average selling price for delivered and recognized properties during the Period was approximately RMB10,037 per sq.m., representing an increase of approximately RMB371 as compared with the corresponding period of the previous year (restated).

During the Period, the Group’s earlier strategic layouts have won initial success. Following the delivery of a series of projects, the Group’s source of revenue from sales of properties has been further diversified. Riding on the Group’s hard work for a number of years in the regions, the Group has been recognized as an excellent brand in both Fujian and East China Districts and gained a leading position in terms of the sales of properties. During the Period, revenue from sales of properties recognized in Fujian and East China Districts contributed approximately 23.71% and 75.32% of the total revenue from sales of properties respectively.

In the future, given that the delivery for the properties sold in various cities will successively complete, the Group’s revenue from sales of properties will continue to increase and it is expected that the sales of properties will remain to be the Group’s major source of income.

## MANAGEMENT DISCUSSION AND ANALYSIS

The amount and GFA of each project recognized for sales during the Period are set out in the following table:

Name of Projects	Cities	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price (RMB/sq.m.)
Jianfa•Yangyu* (建發•泱譽)	Suzhou	39,545	30,530	12,953
Jianfa•Dushuwan* (建發•獨墅灣)	Suzhou	28,122	29,059	9,678
Jianfa•Zhongyang Tiancheng* (建發•中泱天成)	Suzhou	123	37	33,243
Jianfa•Lingjun* (建發•領郡)	Lianjiang	6,166	15,048	4,098
Jianfa•Shanwaishan* (建發•山外山)	Changtai	4,088	2,451	16,679
Jianfa•Zhongyang Tiancheng* (建發•中泱天成)	Quanzhou	5,676	4,261	13,321
Jianfa•Bihushuangxi* (建發•碧湖雙璽)	Zhangzhou	1,830	1,024	17,871
Jianfa•Yuecheng* (建發•悅城)	Jian'ou	3,581	4,297	8,334
Jianfa•Zhongyang Yuefu* (建發•中央悅府)	Changsha	453	1,090	4,156
Fond England* (裕豐英倫)	Nanning	423	1,875	2,256
<b>Total</b>		<b>90,007</b>	<b>89,672</b>	<b>10,037</b>

The amount and GFA of each project recognized for sales in the corresponding period of previous year (restated) are set out in the following table:

Name of Projects	Cities	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price (RMB/sq.m.)
Jianfa•Zhongyang Yuefu* (建發•中央悅府)	Changsha	33,370	31,464	10,606
Jianfa•Dushuwan* (建發•獨墅灣)	Suzhou	16,885	7,740	21,815
Jianfa•Zhongyang Tiancheng* (建發•中泱天成)	Suzhou	5,477	17,959	3,050
Li Yuan* (裕豐荔園)	Nanning	163	644	2,531
Fond England* (裕豐英倫)	Nanning	48	68	7,059
<b>Total</b>		<b>55,943</b>	<b>57,875</b>	<b>9,666</b>

### Contracted Sales for the Period

For the Period, the Group achieved contracted sales of approximately RMB16.84897 billion, representing an increase of approximately RMB9.18942 billion as compared with the corresponding period of the previous year (corresponding period of the previous year: approximately RMB7.65955 billion). During the Period, the contracted GFA of properties was approximately 968,800 sq.m., representing an increase of approximately 498,000 sq.m. as compared with the corresponding period of the previous year (corresponding period of the previous year: approximately 470,800 sq.m.). The average selling price for contracted sales of properties was approximately RMB17,391 per sq.m., representing an increase of approximately RMB1,121 as compared with the corresponding period of the previous year (corresponding period of the previous year: approximately RMB16,270 per sq.m.).

During the Period, the pre-sale of eight new projects, namely Jianfa•Yangzhu Phase II\* (建發•央著二期) in Xiamen, Jianfa•Yangzhu\* (formerly Land Parcel No. 2018-19 in Putian) (建發•央著(原莆田2018-19地塊)) in Putian, City of Sky\* (天空之城) in Fuzhou, Jianfa & Rongqiao•Shanghai Daguang 01, 03, 04\* (建發&融僑•山海大觀01、03、04) in Lianjiang, Wuyi & Jianfa•Shanwaishan\* (武夷&建發•山外山) in Wuyishan, Duhuizhiguang\* (都會之光) in Taicang, Jianfa & Yangguangcheng•Puyue\* (建發&陽光城•璞悅) in Suzhou and Jianfa & Jiulongcang•Yangxi\* (建發&九龍倉•央璽) in Guangzhou started.

## MANAGEMENT DISCUSSION AND ANALYSIS

The amount and GFA of each project contracted for sales during the Period are set out in the following table:

Name of Projects	Cities	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price (RMB/sq.m.)
Jianfa•Yangzhu* (建發•央著)	Xiamen	77,118	21,979	35,087
Jianfa•Yangzhu Phase II* (建發•央著二期)	Xiamen	115,026	32,749	35,124
Jianfa•Shanwaishan* (建發•山外山)	Changtai	13,515	10,171	13,288
Jianfa•Bihushuangxi* (建發•碧湖雙壘)	Zhangzhou	1,484	770	19,273
Jianfa•Xiyuan* (建發•壘院)	Zhangzhou	94,178	42,131	22,354
Jianfa•Xiyuan* (建發•壘院)	Longyan	24,135	20,877	11,561
Shangyue House* (尚悅居)	Longyan	3,469	4,323	8,025
Jianfa•Shouyuan* (建發•首院)	Longyan	46,973	40,553	11,583
Jianfa•Zhongyang Tiancheng* (建發•中決天成)	Quanzhou	833	705	11,816
Jianfa•Yangzhu (formerly Land Parcel No. 2018-19 in Putian)* (建發•央著(原莆田2018-19地塊))	Putian	123,995	102,153	12,138
Jianfa•Yangzhu* (建發•央著)	Fuzhou	32,511	11,969	27,163
City of Sky* (天空之城)	Fuzhou	273,971	108,855	25,168
Jianfa•Lingjun* (建發•領郡)	Lianjiang	3,093	2,815	10,988
Jianfa & Rongqiao•Shanghai Daguean 01, 03, 04* (建發&融僑•山海大觀 01、03、04)	Lianjiang	15,020	17,694	8,489
Jianfa•Xiyuan* (建發•壘院)	Lianjiang	7,158	10,459	6,844
Guandi* (觀邸)	Shaxian	12,893	20,249	6,367
Jianfa•Yangzhu* (建發•央著)	Jianyang	35,992	31,009	11,607
Wuyi & Jianfa•Shanwaishan* (武夷&建發•山外山)	Wuyishan	20,362	10,340	19,692
Jianfa•Yuecheng* (建發•悅城)	Jian'ou	22,686	28,540	7,949
Jianfa•Xiyuan* (建發•壘院)	Jian'ou	23,022	27,826	8,274
Jianfa•Zhongyang Yuefu* (建發•中央悅府)	Changsha	582	1,189	4,895
Jianfa•Yangzhu* (建發•央著)	Changsha	47,892	26,776	17,886
Jianfa•Yangxi* (建發•央壘)	Changsha	582	285	20,421
Jianfa•Yangzhu* (建發•央著)	Taicang	29,519	14,252	20,712
Duhuizhiguang* (都會之光)	Taicang	6,071	2,665	22,780
Jianfa•Dushuwan* (建發•獨墅灣)	Suzhou	67,604	45,730	14,783
Jianfa•Yangyu* (建發•泱譽)	Suzhou	183,521	78,683	23,324
Jianfa & Yangguangcheng•Puyue* (建發&陽光城•璞悅)	Suzhou	17,155	9,140	18,769
Jianfa•Yulongwan* (建發•御瓏灣)	Zhangjiagang	163,336	99,945	16,343
Tianxi* (天壘)	Zhangjiagang	1,410	1,117	12,623
Jianfa•Yangyu* (建發•泱譽)	Zhangjiagang	29,110	15,531	18,743
Jianfa•Jiuliwan* (建發•玖里灣)	Wuxi	136,473	76,508	17,838
Jianfa & Jiulongcang Yangxi* (建發&九龍倉•央壘)	Guangzhou	8,650	1,861	46,480
Jianfa•Xiyuan* (建發•壘院)	Nanning	40,410	46,508	8,689
Xixi Yunlu* (西溪雲廬)	Hangzhou	4,704	592	79,459
Fond England* (裕豐英倫)	Nanning	444	1,875	2,368
<b>Total</b>		<b>1,684,897</b>	<b>968,824</b>	<b>17,391</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

The amount and GFA of each project contracted for sales in the corresponding period of previous year are set out in the following table:

Name of Projects	Cities	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price (RMB/sq.m.)
Jianfa•Shanwaishan* (建發•山外山)	Changtai	53,987	36,020	14,988
Jianfa•Bihushuangxi* (建發•碧湖雙壘)	Zhangzhou	26,510	15,427	17,184
Jianfa•Xiyuan* (建發•壘院)	Longyan	93,111	84,729	10,989
Shangyue House* (尚悅居)	Longyan	77,695	71,269	10,902
Jianfa•Lingjun* (建發•領郡)	Lianjiang	9,515	7,077	13,445
Guandi* (觀邸)	Shaxian	32,273	44,587	7,238
Jianfa•Dushuwan* (建發•獨墅灣)	Suzhou	123,419	53,099	23,243
Jianfa•Yulongwan* (建發•御龍灣)	Zhangjiagang	137,278	89,276	15,377
Jianfa•Zhongyang Yuefu* (建發•中央悅府)	Changsha	26,672	25,362	10,517
Jianfa•Zhongyang Tiancheng* (建發•中泐天成)	Quanzhou	10,978	9,505	11,550
Xixi Yunlu* (西溪雲廬)	Hangzhou	174,295	33,705	51,712
Li Yuan* (裕豐荔園)	Nanning	171	644	2,655
Fond England* (裕豐英倫)	Nanning	51	68	7,500
<b>Total</b>		<b>765,955</b>	<b>470,768</b>	<b>16,270</b>

### Land Reserves

As at 30 June 2019, the Group had a total of 58 projects in the PRC and Australia, and the aggregate saleable GFA of land reserves were approximately 6,817,700 sq.m..

The amount of saleable GFA of land reserves as at 30 June 2019 are set out in the following table:

Name of Projects	Cities	Saleable GFA (sq.m.)	Interests held by the Group	Attributable GFA (sq.m.)
Jianfa•Yangzhu* (建發•央著)	Xiamen	50,287	49%	24,641
Jianfa•Yangzhu Phase II* (建發•央著二期)	Xiamen	84,449	51%	43,069
Jianfa•Xiyue* (建發•壘樾)	Xiamen	196,882	95%	187,038
Jianfa•Shanwaishan* (建發•山外山)	Changtai	94,744	94%	89,059
Jianfa•Bihushuangxi* (建發•碧湖雙壘)	Zhangzhou	9,224	100%	9,224
Jianfa•Xiyuan* (建發•壘院)	Zhangzhou	68,775	100%	68,775
Jianfa•Yangzhu (formerly Land Parcel No. 08 in Bihu, Zhangzhou)* (建發•央著 (原漳州碧湖08地塊))	Zhangzhou	112,261	70%	78,583

## MANAGEMENT DISCUSSION AND ANALYSIS

Name of Projects	Cities	Saleable GFA (sq.m.)	Interests held by the Group	Attributable GFA (sq.m.)
Jianfa•Yangyu* (建發•央譽)	Zhangzhou	124,500	100%	124,500
Jianfa•Xiyuan* (建發•璽院)	Zhangpu	408,345	70%	285,842
Jianfa•Xiyuan* (建發•璽院)	Longyan	36,216	30%	10,865
Shangyue House* (尚悅居)	Longyan	15,607	40%	6,243
Jianfa•Shouyuan* (建發•首院)	Longyan	151,400	100%	151,400
Jianfa•Zhongyang Tiancheng* (建發•中泐天成)	Quanzhou	9,606	40%	3,842
Jianfa•Yangzhu (formerly Land Parcel No. 2018-19 in Putian)* (建發•央著(原莆田2018-19地塊))	Putian	52,531	100%	52,531
Jianfa•Yangyu* (建發•央譽) Land Parcel No. 2019-16, Panlong Shanzhuang Area, Licheng District* (荔城區磐龍山莊片區2019-16地塊)	Putian	345,007	100%	345,007
Jianfa•Xiyuan* (建發•璽院)	Xianyou	140,067	55%	77,037
Jianfa•Yangzhu* (建發•央著) City of Sky* (天空之城)	Fuzhou	319,585	16.50%	52,732
Jianfa•Lingfu Xinyuan* (建發•領賦新苑)	Fuzhou	89,014	100%	89,014
Jianfa•Lingjun* (建發•領郡)	Lianjiang	4,643	78%	3,622
Jianfa & Rongqiao•Shanghai Daguan 01, 03, 04* (建發&融僑•山海大觀 01、03、04)	Lianjiang	167,382	46.15%	77,247
Jianfa & Rongqiao•Shanghai Daguan 02* (建發&融僑•山海大觀02)	Lianjiang	148,683	55.58%	82,631
Jianfa•Xiyuan* (建發•璽院) Guandi* (觀邸)	Lianjiang	71,307	70%	49,915
Jianfa•Yangzhu* (建發•央著)	Shaxian	26,865	51%	13,701
Jianfa•Yangzhu* (建發•央著)	Jianyang	110,713	70%	77,499
Wuyi & Jianfa•Shanwaishan* (武夷&建發•山外山)	Wuyishan	84,273	50%	42,137
Jianfa•Yuecheng* (建發•悅城)	Jian'ou	127,097	75%	95,323
Jianfa•Xiyuan* (建發•璽院)	Jian'ou	113,083	70%	79,158
Jianfa•Xiyue* (建發•璽悅)	Jian'ou	390,690	75%	293,018
Jianfa•Tianxing Xiyuan* (建發•天行璽院)	Ningde	214,713	55%	118,092
Jianfa•Zhongyang Yuefu* (建發•中央悅府)	Changsha	1,851	100%	1,851
Jianfa•Yangzhu* (建發•央著)	Changsha	311,174	100%	311,174
Jianfa•Yangxi* (建發•央璽)	Changsha	65,863	100%	65,863
Jianfa•Xiyuan* (建發•璽院)	Wuhan	149,359	49%	73,186
Jianfa & Jinmao•Xiyue* (建發&金茂•璽悅)	Wuhan	254,489	51%	129,789
Jianfa•Yangyu* (建發•央譽)	Taicang	93,608	100%	93,608
Jianfa•Yangzhu* (建發•泐著)	Taicang	110,336	100%	110,336
Duhuizhiguang* (都會之光)	Taicang	118,685	30%	35,606
Jianfa•Dushuwan* (建發•獨墅灣)	Suzhou	62,252	97.50%	60,696

## MANAGEMENT DISCUSSION AND ANALYSIS

Name of Projects	Cities	Saleable GFA (sq.m.)	Interests held by the Group	Attributable GFA (sq.m.)
Jianfa•Yangyu* (建發•泱譽)	Suzhou	56,568	100%	56,568
Jianfa & Yangguangcheng•Puyue* (建發&陽光城•璞悅)	Suzhou	47,097	55%	25,903
Jianfa•Yulongwan* (建發•御龍灣)	Zhangjiagang	57,418	70%	40,193
Tianxi* (天璽)	Zhangjiagang	938	25%	235
Jianfa•Yangyu* (建發•泱譽)	Zhangjiagang	128,643	100%	128,643
Jianfa•Jiuliwan* (建發•玖里灣)	Wuxi	336,103	100%	336,103
Jianfa•Guobinfu* (建發•國賓府)	Nanjing	74,325	50%	37,163
Jianfa•Yangyu* (建發•央譽)	Nanjing	157,596	40%	63,038
Yangyun Jingshe* (養雲靜舍)	Hangzhou	44,520	40.18%	17,888
Xixi Yunlu* (西溪雲廬)	Hangzhou	14,502	10.50%	1,523
Jianfa•Jingyuexuan* (建發•璟悅軒)	Shenzhen	34,758	51%	17,727
Jianfa•Xiyuan* (建發•璽院)	Nanning	24,344	51%	12,415
Land Parcel No. GC2019-055, Wuxiang New District, Nanning* (南寧五象新區GC2019-055地塊)	Nanning	276,552	100%	276,552
Jianfa & Jiulongcang•Yangxi* (建發&九龍倉•央璽)	Guangzhou	181,186	64%	115,959
Jianfa•Xiyuan* (建發•璽院)	Zhuhai	100,933	100%	100,933
Jianfa•Xiyuan* (建發•璽園)	Zhuhai	54,204	51%	27,644
Jianfa•Yangjingyuan* (建發•央璟園)	Zhuhai	67,950	100%	67,950
Australia Project	Sydney	7,663	60%	4,598
<b>Total</b>		<b>6,817,665</b>		<b>5,020,235</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

The amount of saleable GFA of land reserves as at 31 December 2018 are set out in the following table:

Name of Projects	Cities	Saleable GFA (sq.m.)	Interests held by the Group	Attributable GFA (sq.m.)
Jianfa•Yangzhu* (建發•央著)	Xiamen	72,543	49%	35,546
Jianfa•Yangzhu Phase II* (建發•央著二期)	Xiamen	121,454	51%	61,942
Jianfa•Xiyue* (建發•璽樾)	Xiamen	153,972	95%	146,273
Jianfa•Shanwaishan* (建發•山外山)	Changtai	119,498	94%	112,328
Jianfa•Bihushuangxi* (建發•碧湖雙璽)	Zhangzhou	9,994	100%	9,994
Jianfa•Xiyuan* (建發•璽院)	Zhangzhou	112,207	100%	112,207
Jianfa•Yangzhu (formerly Land Parcel No. 08 in Bihu, Zhangzhou)* (建發•央著(原漳州碧湖08地塊))	Zhangzhou	111,551	70%	78,086
Jianfa•Shouyuan* (建發•首院)	Longyan	192,169	100%	192,169
Jianfa•Xiyuan* (建發•璽院)	Longyan	60,120	30%	18,036
Shangyue House* (尚悅居)	Longyan	22,710	40%	9,084
Jianfa•Yangzhu* (建發•央著)	Fuzhou	97,786	51.60%	50,458
Jianfa•Lingjun* (建發•領郡)	Lianjiang	7,560	78%	5,897
Jianfa & Rongqiao•Shanghai Dagan 01, 03, 04* (建發&融僑•山海大觀01、03、04)	Lianjiang	199,969	46.15%	92,286
Jianfa & Rongqiao•Shanghai Dagan 02* (建發&融僑•山海大觀02)	Lianjiang	148,683	55.58%	82,638
Jianfa•Xiyuan* (建發•璽院)	Lianjiang	84,261	70%	58,983
Jianfa•Yuecheng* (建發•悅城)	Jian'ou	158,280	75%	118,710
Jianfa•Xiyuan* (建發•璽院)	Jian'ou	141,821	70%	99,275
Jianfa•Yangzhu* (建發•央著)	Jianyang	142,437	70%	99,706
Jianfa•Yangzhu (formerly Land Parcel No. 2018-19 in Putian)* (建發•央著(原莆田2018-19地塊))	Putian	152,745	100%	152,745
Jianfa•Zhongyang Tiancheng* (建發•中泱天成)	Quanzhou	10,311	40%	4,124

## MANAGEMENT DISCUSSION AND ANALYSIS

Name of Projects	Cities	Saleable GFA (sq.m.)	Interests held by the Group	Attributable GFA (sq.m.)
Guandi* (觀邸)	Shaxian	39,798	51%	20,297
Wuyi & Jianfa•Shanwaishan* (武夷&建發•山外山)	Wuyishan	95,143	50%	47,571
Jianfa•Yangyu* (建發•央譽)	Nanjing	157,660	40%	63,064
Jianfa•Guobinfu* (建發•國賓府)	Nanjing	74,325	50%	37,162
Jianfa•Yangyu* (建發•央譽)	Suzhou	131,310	100%	131,310
Jianfa•Dushuwan* (建發•獨墅灣)	Suzhou	102,390	97.50%	99,830
Jianfa & Yangguangcheng•Puyue* (建發&陽光城•璞悅)	Suzhou	47,097	55%	25,903
Jianfa•Yulongwan* (建發•御龍灣)	Zhangjiagang	161,497	70%	113,048
Jianfa•Yangyu* (建發•央譽)	Zhangjiagang	144,136	100%	144,136
Tianxi* (天璽)	Zhangjiagang	2,055	25%	514
Jianfa•Yangyu* (建發•央譽)	Taicang	93,608	100%	93,608
Jianfa•Yangzhu* (建發•央著)	Taicang	124,338	100%	124,338
Duhuizhiguang* (都會之光)	Taicang	121,351	30%	36,405
Jianfa•Jiuliwan* (建發•玖里灣)	Wuxi	412,601	100%	412,601
Jianfa•Yangzhu* (建發•央著)	Changsha	339,110	100%	339,110
Jianfa•Yangxi* (建發•央璽)	Changsha	66,333	100%	66,333
Jianfa•Zhongyang Yuefu* (建發•中央悅府)	Changsha	2,701	100%	2,701
Jianfa & Jinmao•Xiyue* (建發&金茂•璽悅)	Wuhan	259,523	51%	132,357
Jianfa•Xiyuan* (建發•璽院)	Wuhan	149,359	49%	73,186
Jianfa & Jiulongcang•Yangxi* (建發&九龍倉•央璽)	Guangzhou	183,178	64%	117,234
Jianfa•Jingyuexuan* (建發•璟悅軒)	Shenzhen	35,063	51%	17,882
Yangyun Jingshe* (養雲靜舍)	Hangzhou	44,520	40.18%	17,888
Xixi Yunlu* (西溪雲廬)	Hangzhou	15,988	10.50%	1,679
Jianfa•Xiyuan* (建發•璽院)	Zhuhai	80,864	100%	80,864
Jianfa•Xiyuan* (建發•璽園)	Zhuhai	56,176	51%	28,650
Jianfa•Xiyuan* (建發•璽院)	Nanning	71,379	51%	36,403
City of Sky* (天空之城)	Fuzhou	428,440	16.50%	70,693
Australia Project	Sydney	7,663	60%	4,598
<b>Total</b>		<b>5,567,677</b>		<b>3,879,852</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Real Estate Industrial Chain Investment Services

### 1. Property management

During the Period, the revenue from property management services amounted to approximately RMB266.37 million (corresponding period of previous year (restated): approximately RMB206.09 million).

As at 30 June 2019, the property management segment of the Group provided quality services for around 116,000 property owners, spanning across 12 provinces and 30 cities in the PRC, with contracted management area amounting to nearly 30,000,000 sq.m..

### 2. Commercial assets management

The revenue from the Group's commercial assets management business during the Period amounted to approximately RMB77.52 million (corresponding period of the previous year (restated): approximately RMB76.46 million).

The Group's own leasing properties and third party leasing properties, leased out through Shanghai C&D Zhaoyu Asset Management Company Limited\* (上海建發兆昱資產管理有限公司) are mainly located in Xingning District\* (興寧區) and Xixiangtang District\* (西鄉塘區) of Nanning and Putuo District\* (普陀區), Yangpu District\* (楊浦區) and Jiading District\* (嘉定區) of Shanghai. As at 30 June 2019, the Group's retail units (held for the purpose of leasing to independent third parties) comprised an aggregate rentable GFA of approximately 118,494 sq.m. (as at 31 December 2018: approximately 118,480 sq.m.) in the PRC (including an underground parking area of approximately 3,954 sq.m. used as a temporary parking area (as at 31 December 2018: approximately 3,954 sq.m.)), of which an aggregate GFA of approximately 81,162 sq.m. in the PRC had been leased out (as at 31 December 2018: approximately 101,454 sq.m.).

### 3. Projects operation and management (entrusted construction services)

Revenue from the Group's entrusted construction during the Period was derived from entrusted construction agreements and management and entrusted construction services by Xiamen C&D Zhaocheng Construction Operation and Management Limited\* (廈門建發兆誠建設運營管理有限公司), an indirect wholly-owned subsidiary of the Group, amounting to approximately RMB28.87 million (corresponding period of the previous year: approximately RMB127.12 million).

### 4. Smart construction services

Revenue from smart construction services during the Period was derived from smart construction services by Xiamen Zhaohui Internet Technology Co., Ltd.\* (廈門兆慧網絡科技有限公司), an indirect wholly-owned subsidiary of the Group, amounting to approximately RMB4.94 million (corresponding period of the previous year: approximately RMB0.3 million).

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

During the Period, the Group's revenue was derived from (i) sales of properties; (ii) property management; (iii) commercial assets management; (iv) projects operation and management (entrusted construction services); and (v) smart construction services.

The following table sets forth the Group's revenue from each of these segments and as a percentage of the total revenue for the relevant period:

	For the six months ended 30 June 2019		For the six months ended 30 June 2018	
	RMB'000	%	RMB'000	%
Sales of properties	900,069	70.44	559,429	57.71
Property management income	266,366	20.85	206,091	21.26
Commercial assets management income	77,521	6.07	76,462	7.89
Entrusted construction services income	28,868	2.26	127,115	13.11
Smart construction services income	4,943	0.38	295	0.03
<b>Total</b>	<b>1,277,767</b>	<b>100</b>	969,392	100

Sales of properties increased by about RMB340.64 million from approximately RMB559.43 million in the corresponding period of the previous year (restated) to approximately RMB900.07 million in the Period. Saleable GFA delivered for the six months ended 30 June 2018 (restated) and 30 June 2019 were approximately 57,875 sq.m. and approximately 89,672 sq.m., respectively. The revenue derived from the sales of properties during the Period increased due to the increase in saleable GFA sold and delivered in the Period as compared with the corresponding period of the previous year, which was attributable to the income carried forward for the successively completed delivery procedures of various projects such as Jianfa•Yangyu\* (建發•泐譽) and Jianfa•Dushuwan\* (建發•獨墅灣) in Suzhou in the second half of 2018.

### Cost of Sales

Cost of sales increased by about RMB234.15 million from approximately RMB524.64 million for the corresponding period of the previous year (restated) to approximately RMB758.79 million for the Period. It was primarily attributable to the increase in saleable GFA sold and delivered in the Period.

### Gross Profit and Gross Profit Margin

The gross profit amounted to approximately RMB444.75 million (restated) and approximately RMB518.98 million for the six months ended 30 June 2018 and 2019 respectively, representing a gross profit margin of approximately 45.88% (restated) and approximately 40.62% respectively. The decrease in gross profit margin was mainly due to the change in income structure during the Period, resulting in a higher gross profit margin of entrusted construction services income and a decrease in the proportion of entrusted construction services income during the Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Other Income

Other income amounted to approximately RMB71.38 million (restated) and approximately RMB97.85 million for the six months ended 30 June 2018 and 2019 respectively. The increase was mainly due to an increase in the interest income and gain on disposal of investment properties during the Period.

## Borrowing Costs

Borrowing costs incurred for the construction projects under development were capitalised during the Period. Other borrowing costs were expensed when incurred.

Total borrowing costs increased from approximately RMB628.54 million (restated) for the corresponding period of the previous year to approximately RMB1,173.08 million for the Period. The increase was mainly due to an increase in capital requirements raised by an increase in property projects.

## Loss on Changes in Fair Value of Investment Properties

Loss on changes in fair value of investment properties was approximately RMB2.10 million during the Period, which was mainly due to a slight downward trend in the market environment in Xingning District, Nanning City as compared with 2018. The loss reflected the adjustments in value of investment properties during the Period.

## Administrative Expenses

Administrative expenses increased by approximately RMB3.03 million to approximately RMB25.85 million for the Period from approximately RMB22.82 million (restated) for the corresponding period of the previous year. It was primarily due to the increase in bank handling fees in relation to borrowings during the Period.

## Selling Expenses

Selling expenses increased by approximately RMB118.15 million to approximately RMB215.74 million for the Period from approximately RMB97.59 million (restated) for the corresponding period of the previous year. It was primarily due to an increase in the number of staff, an increase in labour cost and advertising and promotion expenses as well as marketing expenses due to an increasing of sales of projects during the Period.

## Profit before Income Tax

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB333.65 million for the Period, representing an increase of approximately RMB50.97 million from a profit of approximately RMB282.68 million (restated) in the corresponding period of the previous year.

## Income Tax Expense

Income tax expense increased from approximately RMB105.88 million (restated) in the corresponding period of previous year to income tax expense of approximately RMB144.28 million for the Period. The increase in income tax was mainly due to an increase in income from property sales during the Period.

## Profit for the Period Attributable to the Equity Holders of the Company

The profit for the Period attributable to the equity holders of the Company increased by approximately RMB78.61 million (an increase of approximately 60.02%) from approximately RMB130.98 million (restated) in the corresponding period of the previous year to approximately RMB209.59 million for the Period, an increase by RMB76.74 million (an increase of approximately 57.76%) year on year as compared with the corresponding period of the previous year (before restated).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Liquidity and Financial Resources

The long-term funding and working capital required by the Group were primarily derived from income generated from core business operations, bank borrowings, loans from intermediate holding companies and cash proceeds derived from receipt in advance from the pre-sale of properties, which were used to finance its business operations and investment in construction projects. The Group's liquidity position was well-managed during the Period.

The Group continued to adopt a prudent financing policy and sustain a sound capital structure with healthy cashflow. As at 30 June 2019, the Group's cash and cash equivalents and restricted cash amounted to approximately RMB9,444.55 million (as at 31 December 2018: approximately RMB4,547.44 million) while total assets and net assets (after deducting non-controlling interests) were approximately RMB79,778.11 million (as at 31 December 2018: approximately RMB62,774.95 million) and RMB5,746.57 million (as at 31 December 2018: approximately RMB6,094.02 million) respectively. As at 30 June 2019, the Group's working capital amounted to approximately RMB34,747.69 million (as at 31 December 2018: approximately RMB32,761.92 million). As at 30 June 2019, the Group recorded net debt of approximately RMB26,514.48 million (as at 31 December 2018: approximately RMB25,670.09 million) with net debt to equity ratio of approximately 250.99% (as at 31 December 2018: approximately 242.08%).

As at 30 June 2019, the Group had (i) loan facilities of approximately RMB2,062.86 million (as at 31 December 2018: approximately RMB1,114.15 million) and approximately RMB16.61 million (as at 31 December 2018: approximately RMB16.65 million) denominated in HK\$ and AUD respectively which bore interest rate from approximately 3.50% to 5% (as at 31 December 2018: 3.4% to 5.1%) and 4.78% (as at 31 December 2018: 4.78%) per annum respectively, and (ii) a loan facility (receipts under securitisation arrangements included) of approximately RMB13,438.86 million (as at 31 December 2018: approximately RMB10,762.72 million) denominated in RMB which bore interest rate from 4.35% to 7% (as at 31 December 2018: 4.89% to 7.3%) per annum, and (iii) loans from intermediate holding companies of approximately RMB18,625.74 million (as at 31 December 2018: approximately RMB16,082.15 million) denominated in RMB which bore interest at 5.7% per annum (as at 31 December 2018: 5.9% to 6.18%), and (iv) the amounts due to non-controlling shareholders of approximately RMB1,814.96 million (as at 31 December 2018: approximately RMB2,241.86 million) denominated in RMB which bore an interest rate from 4.35% to 10% (as at 31 December 2018: 4.35% to 10%) per annum. No particular trend of seasonality was observed for the Group's borrowing requirements for the Period.

The Group's debt to equity ratio (total borrowings divided by total equity) increased to approximately 340.39% as at 30 June 2019 (as at 31 December 2018: approximately 284.96%) as the loans from shareholders and banks increased during the Period.

Of the total borrowings, approximately RMB6,606.74 million was repayable within one year while approximately RMB19,533.45 million was repayable after one year but within five years.

To manage liquidity risk, the Group monitored and maintained a level of cash and cash equivalents which the management considered to be adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flow. The Group's management also monitored its net current assets/liabilities and the utilisation of borrowings to ensure efficient use of the available banking facilities and compliance with loan covenants.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Guarantee Contracts

During the Period, the Group had arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. The balance was approximately RMB13,519.11 million as at 30 June 2019 (as at 31 December 2018: approximately RMB10,074.53 million). The increase was mainly attributable to the increase of real estate mortgage loan due to the increase of the sales of property commenced to be sold in the Period.

## Capital Commitments

Capital commitments were those contracts concluded but not provided for leasehold improvements, prepayments for intended cooperative projects concluded but not provided for and construction of properties under development not provided for. The balance of capital commitment was approximately RMB15,211.34 million as at 30 June 2019 (as at 31 December 2018: approximately RMB16,272.27 million).

## Pledge of Assets

As at 30 June 2019, the Group's bank loan was secured by the legal charges over its property, plant and equipment with carrying value of approximately RMB10.08 million (as at 31 December 2018: approximately RMB10.22 million), investment properties with fair value of approximately RMB602.00 million (as at 31 December 2018: approximately RMB596.00 million) and properties under development with carrying value of approximately RMB16,981.93 million (as at 31 December 2018: approximately RMB10,876.66 million).

## Capital Structure

As at 30 June 2019, the Company's issued share capital was HK\$90,986,474.5, divided into 909,864,745 ordinary shares (the "Shares") of HK\$0.1 each (as at 31 December 2018: HK\$73,486,474.5 divided into 734,864,745 Shares).

## Foreign Currency Exposure

The Group's businesses are principally conducted in RMB. The majority of assets is denominated in RMB. The majority of non-RMB assets and liabilities are other receivables, cash at banks and in hand, trade and other payables, amounts due to non-controlling interests, loans from intermediate holding companies and interest-bearing borrowings in HK\$ and AUD.

Currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. As at 30 June 2019 and 31 December 2018, the Group did not have significant foreign currency risk from its operations.

As the Directors considered the Group's foreign exchange risk to be insignificant, the Group did not use any financial instruments for hedging purposes during the Period.

## Contingent Liabilities

As at 30 June 2019, the Group did not have any material contingent liabilities (as at 31 December 2018: Nil).

## Employees and Emolument Policy

As at 30 June 2019, the Group employed a total of 7,118 full-time employees (as at 31 December 2018: 6,307 full-time employees). During the Period, total staff costs, including Directors' emoluments, of the Group were approximately RMB353.34 million (corresponding period of the previous year (restated): approximately RMB224.86 million). The Group reviewed the remuneration policies and packages on a regular basis and made necessary adjustment commensurate with the remuneration level in the industry. In addition to a basic monthly salary, year-end bonuses were offered to those staff with outstanding performance. A share option scheme has been adopted to attract and retain eligible employees to contribute to the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

The same remuneration philosophy was applicable to the Directors. Apart from benchmarking against the market, the Company reviewed individual competence and contributions and the affordability of the Company in determining the exact level of remuneration for each Director.

### USE OF PROCEEDS

#### Fund raising from the GEM Listing

During the period from the date of the listing of shares on GEM (the "GEM Listing") on 14 December 2012 (the "GEM Listing Date") to 30 June 2019, the net proceeds from the GEM Listing had been applied as below (which application was in line with that stated in the prospectus of the Company dated 30 November 2012 (the "Prospectus")).

The net proceeds from the issue of 75,000,000 new Shares (the "Placing Shares") in the Company under the placing as set out in the Prospectus were approximately HK\$25.5 million, which was based on the final placing price of HK\$0.66 per Placing Share after deducting the actual expenses relating to the GEM Listing. Accordingly, the Group adjusted the use of proceeds in the same manner and proportion as shown in the Prospectus.

	<b>Adjusted use of proceeds in the same manner and proportion as shown in the Prospectus from the GEM Listing Date to 30 June 2019 HK\$ million</b>	<b>Actual use of proceeds from the GEM Listing Date to 30 June 2019 HK\$ million</b>	<b>Actual use of proceeds during the Period HK\$ million</b>
The development and operation of featured theme shopping mall and maintenance of other investment properties	13.2	7.8	6.4
<i>Maintenance of investment properties</i>		7.8	6.4
The pursuit of potential acquisition opportunities or investment in the property related industry (including holding companies of investment properties and/or land reserve, property management companies or business and/or property consulting companies or business)	9.8	9.8	–
<i>Investment Property</i>	–	9.8	–
General working capital and other general corporate purposes of the Group	2.5	2.5	–
	25.5	20.1	6.4

All the unused net proceeds have been placed as interest bearing deposits with licensed bank in Hong Kong and the PRC. As at the date of this report, the remaining unutilised proceeds are intended to be used for maintenance of the Group's own leasing properties in Putuo District, Shanghai.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Placing of new shares under general mandate

The net proceeds from placing 55,000,000 new ordinary shares of the Company to not less than six independent third parties under general mandate (as set out in the announcement dated 17 April 2019 of the Company) was approximately HK\$483 million (representing a net placing price of approximately HK\$8.78 per placing share), which was based on the placing price of HK\$9 per placing share (the closing price as quoted on the Stock Exchange as at 17 April 2019 was HK\$10.18 per share) after deducting the actual expenses relating to the placing new shares. Such net proceeds were intended for repayment for loans from financial institutions, expanding land reserves and general working capital. The actual use of such proceeds is as follow:

	<b>Actual use of net proceeds from placing of new shares under general mandate as at 30 June 2019 HK\$ million</b>
Repayment of loans from financial institutions	382
Expanding land reserves	100
General working capital	1
<i>Administration and management expenses</i>	<i>1</i>
	<hr/> 483 <hr/>

## ADDITIONAL DISCLOSURES

### Registration of lease agreements in the PRC

As disclosed in the Prospectus, some lease agreements in respect of certain investment properties in the PRC held or leased by the Group, which are required to be registered under the PRC laws, were not registered or registrable.

As at 30 June 2019, there were still 45 lease agreements pending to be registered due to the fact that the merchants shall bring their ID cards and go to the competent Real Estate Bureau together with relevant staff of the Group to complete the registration. However, the merchants did not actively assist the Company in completing such registration.

The Company will keep monitoring the registration status of these lease agreements with the aim of completing their registration as early as practicable.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Property ownership certificate of Wan Guo Plaza\* (萬國廣場) (formerly named as Yu Feng High Street\* (裕豐高街))

As disclosed in the Prospectus, following the refurbishment and renovation of Wan Guo Plaza\* (萬國廣場), the property ownership certificate issued on 11 May 2012 in respect of the refurbished Wan Guo Plaza covered a GFA of 7,484 sq.m. It was later transpired that there was a shortfall in GFA of approximately 770 sq.m., which was yet to be covered under the property ownership certificate. The Group has delegated a senior management staff to keep liaising with the relevant PRC authorities and following up on the application procedure for a new property ownership certificate of Wan Guo Plaza.

As at 30 June 2019, the application process for the new property ownership certificate was still ongoing. Given that the application for a new property ownership certificate under the above special circumstance is not one which is usually taken out before the relevant PRC authorities, the Group expects that the processing time would be longer than normally required. There was no indication from the PRC authorities as to how long such process would take. The Group will maintain its communication with the relevant PRC authorities closely so as to obtain the up-to-date status of the application progress until the new property ownership certificate covering the abovementioned shortfall in GFA is issued.

## MAJOR ACQUISITIONS AND DISPOSALS

On 17 June 2019, Xiamen Yi Yue and C&D Real Estate entered into the equity transfer agreement, pursuant to which C&D Real Estate agreed to sell and Xiamen Yi Yue agreed to purchase 100% equity interests in Taicang Jiancang Real Estate Development Company Limited\* (太倉建倉房地產開發有限公司). Details of the above transaction have been set out in the announcement and the circular of the Company dated 17 June 2019 and 15 July 2019 respectively.

## PROSPECT AND OUTLOOK

Based on its position as “integrated service provider in real estate development and real estate industrial chain investment services” and with the strong support of the state-owned shareholders, the Group will give full play to its strengths and make full use of its own resources. The Group will continue to strengthen its core business of real estate development and optimize the ecology of real estate industrial chain investment service, aiming to deliver corporate values to the capital market and to achieve sustainable, rapid and quality development.

### 1. Continue to strengthen the overall competitive advantages of its core business of real estate development

In terms of land acquisition, the Group will cultivate its presence in major cities in southern PRC while enlarging its business coverage, and expand its business layout of real estate development by combining various methods: (1) raising land acquisition standards, focusing on analysis on different regions and cities, and identifying cities that enjoy population growth with development potential; and (2) leveraging on strengths in favorable mergers and acquisitions and co-branding, consolidating and utilizing resources of its business partners, and adding new land reserves with low cost in a timely manner.

In terms of product positioning, the Group will adhere to the product-oriented strategy, developing projects with “new Chinese style” and top-notch property management services with an aim to satisfying needs on service upgrade by developing two-pronged strategies, i.e. “Products + Services”. Riding on its strength in product research and development and value-added property-related services, the Company is endeavored to build up a well-recognized branding and create more value for its brand.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Continue to promote synergies and development of real estate industrial chain

The Group will leverage the synergies among real estate industrial chain and strive to create new growth points in the future by: (1) active expansion of property management business, commercial assets management business and entrusted construction operation services business into other markets and increased efforts to secure new projects; and (2) focusing on improving team capabilities and operational efficiency, optimizing management operations, reducing operating costs and improving service quality, thus making better contributions to the Group's stable cash flow and improvement of profitability.

### 3. Actively enhance our image as a listed company in the capital market

The Group will continue to fully deliver its corporate values to the capital market and develop long-term, effective and interactive investor relationships by: (1) adhering to the principle of open and transparent information disclosure and timely disclosing the Group's financial and operating conditions to the capital market, so as to provide investors, analysts and related institutions in-depth understanding of the Group's business philosophy and development strategies; and (2) establishing an effective multi-channel and interactive communication mechanism. During the first half of 2019, over 40 exchange sessions with investors and analysts were launched. In the future, the Group will continue to make comprehensive communications with the market through various ways including investor roadshows, reverse roadshows and project research. Meanwhile, the Group will listen to the market opinions and suggestions on the Group's operation and management in a positive and sincere manner, and to continue to optimize operation and management standards, thus forming a positive interaction.

In view of the above, the Group will continue to enhance its operational capabilities, optimize project management and promote corporate brand, with an aim to fuel the future sustainable development. Meanwhile, the Group will make proactive interactions with investors, utilize its capital when opportunities arise and continue to create value for its shareholders as a listed company.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 30 June 2019, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

#### Long position in the Shares of the Company

Name of Directors	Capacity/Nature of interests	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital (Note 1)
Mr. Zhuang Yuekai	Founder of a discretionary trust	60,412,000 (Note 2)	6.64%
Ms. Zhao Chengmin	Founder of a discretionary trust	60,412,000 (Note 2)	6.64%
Mr. Lin Weiguo	Interest of controlled corporation	60,412,000 (Note 2)	6.64%

Notes:

- 1 The percentage of shareholding was calculated based on the Company's total number of 909,864,745 Shares in issue as at 30 June 2019.
- 2 These Shares were registered in the name of Diamond Firetail Limited ("Diamond Firetail"), a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Equity Trustee Limited ("Equity Trustee"). Equity Trustee is a trustee of a discretionary trust and each of Mr. Zhuang Yuekai and Ms. Zhao Chengmin is one of the founders of the said discretionary trust, while Mr. Lin Weiguo is one of the protectors of the said discretionary trust. Therefore, Mr. Zhuang Yuekai, Ms. Zhao Chengmin and Mr. Lin Weiguo are deemed to be interested in the Shares held by Diamond Firetail by virtue of the SFO.

Save as disclosed above, as at 30 June 2019, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

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

As at 30 June 2019, so far as it was known to any Directors or the chief executive of the Company, the following parties (other than a Director or the chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued Shares and underlying Shares:

Name of Shareholders	Capacity/Nature of interests	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital (Note 1)
Well Land	Beneficial owner	841,473,921 (Note 2)	92.48%
Well Honour International Limited ("Well Honour")	Interest of controlled corporation	841,473,921 (Note 3)	92.48%
C&D Real Estate	Interest of controlled corporations	841,473,921 (Note 3)	92.48%
Xiamen C&D Inc. (廈門建發股份有限公司)	Interest of controlled corporations	841,473,921 (Note 3)	92.48%
Xiamen C&D	Interest of controlled corporations	841,473,921 (Note 3)	92.48%
Diamond Firetail	Beneficial owner	60,412,000	6.64%
Equity Trustee	Interest of controlled corporation	60,412,000 (Note 4)	6.64%
Mr. Shi Zhen	Founder of a discretionary trust	60,412,000 (Note 4)	6.64%
Ms. Liu Jing	Interest of controlled corporation	60,412,000 (Note 4)	6.64%

Notes:

- The percentage of shareholding was calculated based on the Company's total number of 909,864,745 Shares in issue as at 30 June 2019.
- These interests comprise 608,532,745 Shares registered in the name of Well Land and 232,941,176 underlying Shares which may be converted pursuant to the perpetual convertible bond issued by the Company to Well Land on 30 November 2018.
- Well Land is a wholly-owned subsidiary of Well Honour. Well Honour is a wholly-owned subsidiary of C&D Real Estate. C&D Real Estate is owned as to 54.65% by Xiamen C&D Inc., the shares of which are listed on the Shanghai Stock Exchange (stock code: 600153). Xiamen C&D, a state-owned group of companies under the supervision of Xiamen Municipality, is interested in Xiamen C&D Inc. as to 45.89%. Therefore, Well Honour, C&D Real Estate, Xiamen C&D Inc. and Xiamen C&D are deemed to be interested in the Shares and the underlying Shares held by Well Land by virtue of the SFO.
- These Shares were registered in the name of Diamond Firetail, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Equity Trustee. Equity Trustee is a trustee of a discretionary trust and Mr. Zhuang Yuekai, Mr. Shi Zhen and Ms. Zhao Chengmin are founders of the said discretionary trust. Ms. Liu Jing and Mr. Lin Weiguo are protectors of the said discretionary trust. Therefore, Equity Trustee, Mr. Shi Zhen and Ms. Liu Jing are deemed to be interested in the Shares held by Diamond Firetail by virtue of the SFO. The interests of Mr. Zhuang Yuekai, Ms. Zhao Chengmin and Mr. Lin Weiguo are shown in the section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and Associated Corporations" above.

## **OTHER INFORMATION**

### **SHARE OPTION SCHEME**

The Company adopted a share option scheme (the “Share Option Scheme”) in 2012 for the purpose of providing incentives and rewards to eligible participants who have contributed or may contribute to the success of the Group’s operations. The Share Option Scheme totally complies with the requirements of Chapter 17 of the Listing Rules after the listing of the Company’s Shares has been transferred from the GEM in 2014, and is therefore still effective after the transfer.

No share options were granted, exercised or cancelled by the Company or lapsed under the Share Option Scheme during the Period and there were no outstanding share options under the Share Option Scheme as at 30 June 2019.

### **CHANGE IN DIRECTORS’ INFORMATION**

From 1 January 2019 to the date of this report, the change in Directors’ information of the Company are as follows:

Ms. Zhao Chengmin has resigned as a supervisor of Xiamen C&D with effect from 11 March 2019 and has been re-designated as a director of Xiamen C&D on the same date.

Mr. Shi Zhen has resigned as an executive Director with effect from 21 March 2019.

Mr. Lin Weiguo has been appointed as an executive Director and has redesignated as the chief executive officer with effect from 21 March 2019.

Ms. Wang Xianrong has resigned as a non-executive Director with effect from 21 March 2019.

Ms. Ye Yanliu has been appointed as a non-executive Director with effect from 21 March 2019.

Ms. Wu Xiaomin has resigned as a director of Xiamen C&D Inc., the shares of which are listed on Shanghai Stock Exchange (stock code: 600153) with effect from 23 May 2019.

Save as disclosed above, there was no other change to information which is required to be disclosed by Directors pursuant to Rule 13.51B(1) of the Listing Rules.

### **RETIREMENT BENEFIT SCHEMES/PENSION SCHEME**

Retirement benefits to employees are provided through defined contribution plans.

The retirement benefits costs charged in the income statement represent the contributions payable in respect of the period to the retirement benefit schemes managed by respective local social security bureau in accordance with government regulations in different jurisdictions.

## **OTHER INFORMATION**

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

There were no purchases, sales or redemption of the Company's listed securities by the Company or any of its subsidiaries during the Period.

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

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules for dealings in securities of the Company by its Directors. The Company has made specific enquiries to all Directors and each of them confirmed that they have complied with the Model Code during the Period.

### **INTERIM DIVIDEND**

The Board proposed not to declare an interim dividend for the Period (corresponding period of the previous year: Nil).

### **CORPORATE GOVERNANCE**

The Company is committed to maintaining high corporate governance standards. It believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders of the Company, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company had complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Listing Rules during the Period.

### **REVIEW OF RESULTS BY AUDIT COMMITTEE**

The Board has established an audit committee with written terms of reference in compliance with the CG Code. The primary duties of the audit committee is in assistance of the Board to review financial information and reporting process, risk management and internal control system, effectiveness of internal audit function, scope of audit and appointment of external auditors, and arrangements for complaints from employees of the Company on potential misconducts in financial reporting, internal control or any other issues of the Company. The audit committee consists of all the independent non-executive Directors, namely, Mr. Wong Chi Wai, Mr. Wong Tat Yan Paul and Mr. Chan Chun Yee.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2019 and is of the opinion that such statements comply with the applicable accounting standards and requirement, and that adequate disclosure has been made.

## OTHER INFORMATION

### APPRECIATION

We would like to take this opportunity to express our sincere gratitude to the shareholders of the Company for their continuing support, and our appreciation to all staff members for the dedication and loyalty to the Group.

By order of the Board  
**C&D International Investment Group Limited**  
**Zhuang Yuekai**  
*Chairman*

Hong Kong, 26 August 2019

*This report is prepared in both English and Chinese. In the event of inconsistency, the English text of the report shall prevail over the Chinese text.*

\* *Denotes English translation of the name of a Chinese company, entity and place and is provided for identification purpose only.*