中駿集团

CHINA SCE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1966.HK

2019 INTERIM REPORT

CONTENTS

CORPORATE PROFILE

China SCE Group Holdings Limited ("China SCE" or the "Company"), together with its subsidiaries (collectively, the "Group"), was established in 1996 and with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") in February 2010 (Stock Code: 1966.HK). The Group's major businesses include property development, commercial management, property management and rental apartments business. The Company is headquartered in Shanghai for its business operations, while implementing regional focused development strategy targeting the first- and second-tier cities in the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, the Guangdong — Hong Kong — Macao Greater Bay Area, the West Taiwan Strait Economic Zone and the Central Western Region.

The Group's property projects are distributed in 37 cities, including Beijing, Shanghai, Shenzhen, Tianjin, Chongqing, Chengdu, Suzhou, Hangzhou, Nanjing, Qingdao, Jinan, Xiamen, Nanchang and Kunming, etc. Its products cover a wide range of properties including high-rise residential buildings, low-rise residential buildings, villas, commercial buildings, offices and rental apartments. The Company upholds "We Build to Inspire" (專築您的感動) as its key value proposition, "Creating Smart Living to Help Seize Happiness" (創建智慧生活，讓幸福觸手可及) as its mission. The Company was awarded the "2019 Best 40 China Real Estate Listed Companies with Strongest Comprehensive Strengths", "2019 Best 50 of China Real Estate Developers" (2019中國房地產開發企業50強) and "Fortune China 500" in 2019.

As of 30 June 2019, the Group together with its joint ventures and associates owned a land bank with an aggregate planned gross floor area ("GFA") of approximately 29.01 million square metres ("sq.m."), which is believed to suffice the development by the Group in the next three to four years. In the future, China SCE will continue to deepen the strategic plan of "Regional Focused, Multi-industries Development" (區域聚焦，多業態發展) and secure the regional leading position by implementing more proactive and prudent development strategies. In addition, the Company will strive to become a more competitive property developer in the People's Republic of China ("PRC").

Shanghai • SCE Plaza

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Chiu Yeung *(Chairman)*
Mr. Chen Yuanlai
Mr. Cheng Hiu Lok
Mr. Huang Youquan
Mr. Wong Lun

Independent Non-executive Directors

Mr. Ting Leung Huel Stephen
Mr. Lu Hong Te
Mr. Dai Yiyi

COMPANY SECRETARY

Mr. Li Siu Po

AUTHORISED REPRESENTATIVES

Mr. Wong Chiu Yeung
Mr. Li Siu Po

AUDIT COMMITTEE

Mr. Ting Leung Huel Stephen *(Chairman)*
Mr. Lu Hong Te
Mr. Dai Yiyi

REMUNERATION COMMITTEE

Mr. Dai Yiyi *(Chairman)*
Mr. Wong Chiu Yeung
Mr. Ting Leung Huel Stephen

NOMINATION COMMITTEE

Mr. Wong Chiu Yeung *(Chairman)*
Mr. Lu Hong Te
Mr. Dai Yiyi

CORPORATE GOVERNANCE COMMITTEE

Mr. Huang Youquan *(Chairman)*
Mr. Ting Leung Huel Stephen
Mr. Lu Hong Te

AUDITORS

Ernst & Young
Certified Public Accountants

LEGAL ADVISORS AS TO HONG KONG LAWS

Chiu & Partners

REGISTERED OFFICE

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CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
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HONG KONG SHARE REGISTRAR

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Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
Ping An Bank Co., Ltd.
Industrial Bank Co., Ltd.
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
BOC Hong Kong (Holdings) Limited

INVESTOR RELATIONS

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STOCK CODE

The Stock Exchange of Hong Kong Limited: 1966.HK

COMPANY WEBSITE

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FINANCIAL HIGHLIGHTS

SUMMARY OF STATEMENT OF PROFIT OR LOSS

	For the six months ended 30 June		
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000	Change (%)
Revenue	**10,422,829**	9,414,763	10.7
Gross profit	**3,010,580**	3,041,951	(1.0)
Profit for the period	**2,194,020**	2,069,330	6.0
Profit attributable to owners of the parent	**1,916,809**	2,020,225	(5.1)
Core profit attributable to owners of the parent	**1,543,997**	1,197,578	28.9
Interim dividend per share	**HK10 cents**	HK7 cents	42.9

SUMMARY OF STATEMENT OF FINANCIAL POSITION

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000	Change (%)
Total assets	**129,921,562**	101,490,775	28.0
Cash and bank balances	**23,496,986**	19,972,815	17.6
Total debts	**40,354,932**	33,337,645	21.0
Total liabilities	**104,444,360**	79,351,368	31.6
Total equity	**25,477,202**	22,139,407	15.1

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2019, the central government once again emphasised the general directions of "no speculation of residential properties" and "one city one policy" in the real estate market. Local governments adjusted their control policies according to their own market changes to ensure the steady and healthy development of the real estate market. In terms of monetary policy, the People's Bank of China adopted an easing monetary policy to stimulate economic growth, including lowering the deposit reserve ratio of financial institutions, clearly benefiting the real estate industry in the long run. Major cities may partially or completely lift the residence restrictions, bringing expectations for the needs of a new round of second-tier and strong third-tier cities. In the first half of 2019, the real estate market in major cities rebounded from the bottom. Although the recovery was not stable, the sales amount increased over last year. According to the data from the National Bureau of Statistics, in the first half of 2019, the sales amount of commodity housing amounted to approximately RMB7,069.8 billion, representing an increase of 5.6%, of which the sales amount of residential housing increased by 8.4%. The sales area of commodity housing sold in the PRC was approximately 758 million sq.m., representing a year-on-year decrease of 1.8%, of which the sales area of residential housing decreased by 1.0%.

Shanghai • Sky Horizon

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Contracted Sales

In the six months ended 30 June 2019, the Group together with its joint ventures and associates achieved a contracted sales amount reaching approximately RMB37.028 billion (including the contracted sales amount of approximately RMB20.133 billion from the joint ventures and associates), and contracted sales area was about 2.97 million sq.m., (including the contracted sales area of approximately 1.26 million sq.m. from the joint ventures and associates), representing a year-on-year growth of 77.9% and 80.3% respectively. The average selling price of properties during the period was RMB12,481 per sq.m. The Group actively adjusted its sales strategies to cope with the fluctuations experienced in the real estate market. The Group adopted flexible sales strategies to speed up sales and recover funds. The Group also launched new properties at the best timing in various second-tier and strong third- and fourth-tier cities, in order to maintain the Group's growth momentum.

Xiamen • Polaris Palace

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2019, the Group together with its joint ventures and associates had an aggregate of over 100 projects for sale in 32 cities, mainly in second-tier and strong third-tier cities. Among which 20 projects were newly launched in the year, details of which are listed as follows:

City	Project Name
Beijing	Royal River Villa
Tianjin	Polaris Bay
Tianjin	Wonderland Mile
Chongqing	Cloud View
Chongqing	Liberty Mountain
Chongqing	Mountain Mansions
Nanjing	Cloudview Pavilion
Nanjing	Times Mansion
Hangzhou	Parkview Palace
Wuxi	Luxury House
Xiamen	Central Park
Kunming	Cloud Valley
Linfen	SCE International Community Phase 5
Jiaxing	Star City
Quanzhou	Century Mansion
Xuzhou	One Park Square
Xuzhou	Parkview Bay
Lianyungang	The Royal Bay
Zhangzhou	Cloudview Center
Shangqiu	Parkview Palace

The contracted sales realised by the Group together with its joint ventures and associates during the period are set out below:

By City

City	Contracted Sales Area (sq.m.)	Contracted Sales Amount (RMB Million)	Percentage of Contracted Sales Amount (%)
Beijing	71,833	4,065	11.0
Shenzhen	56,388	1,870	5.1
Chongqing	588,303	5,173	14.0
Tianjin	116,181	1,971	5.3
Nanjing	131,936	2,388	6.4
Hangzhou	113,406	1,813	4.9
Jinan	108,168	1,443	3.9
Jiaxing	204,500	3,242	8.8
Quanzhou	353,327	2,848	7.7
Xuzhou	270,183	2,321	6.3
Huizhou	126,048	1,467	3.9
Others	826,417	8,427	22.7
Total	**2,966,690**	**37,028**	**100.0**

As the cities that the Group newly entered, especially Chongqing, Jiaxing and Xuzhou, further matured, the Group demonstrated its excellent sales performance by means of the realised contracted sales amounts amounting to approximately RMB5.173 billion, RMB3.242 billion and RMB2.321 billion respectively. Moreover, the Company also recorded satisfying sales performance in first-tier cities, including Beijing and Shenzhen, accounting for 11.0% and 5.1%, respectively, of the total contracted sales amount during the period.

By Region

Region	Contracted Sales Area (sq.m.)	Contracted Sales Amount (RMB Million)	Percentage of Contracted Sales Amount (%)
Bohai Rim Economic Zone	439,496	8,534	23.0
West Taiwan Strait Economic Zone	585,434	5,105	13.8
Yangtze River Delta Economic Zone	1,005,972	13,628	36.8
Central Western Region	735,013	5,982	16.2
Guangdong — Hong Kong — Macao Greater Bay Area	200,775	3,779	10.2
Total	**2,966,690**	**37,028**	**100.0**

Since the headquarters of the Group moved to Shanghai, the Group continued to further develop in the Yangtze River Delta Economic Zone. The proportion of contracted sales amount of the Group together with its joint ventures and associates in this region became the highest, which accounted for 36.8%, increasing by 3.8 times as compared with that of last year and reaching RMB13.628 billion. It was followed by the proportion of contracted sales amount in the Bohai Rim Economic Zone, amounting to 23.0% and reaching RMB8.534 billion. The contracted sales amount in the Central Western Region accounted for 16.2%, increasing by 30 times as compared with that of last year and amounting to RMB5.982 billion.

By City Tier

City Tier	Contracted Sales Area (sq.m.)	Contracted Sales Amount (RMB Million)	Percentage of Contracted Sales Amount (%)
First-tier cities	138,954	6,453	17.5
Second-tier cities	1,296,917	15,529	41.9
Third- and fourth-tier cities	1,530,819	15,046	40.6
Total	**2,966,690**	**37,028**	**100.0**

From the perspective of city tier, the Group continued to increase the launch of properties in the second-tier cities and strong third-tier cities. The contracted sales amounts continued to reach a new high, contributing 41.9% and 40.6% respectively. With the good sales performance, the contracted sales amounts in second-tier and third- and fourth-tier cities increased by 98.1% and 65.4%, respectively over last year, reaching RMB15.529 billion and RMB15.046 billion respectively.

Recognised Property Sales Income

During the period, the Group recognised a property sales income of approximately RMB10.066 billion and delivered property area of 943,545 sq.m., representing a year-on-year increase of 10.2% and 64.5%, respectively. The average selling price of properties was approximately RMB10,669 per sq.m. Details of the Group's recognised property sales income are as follows:

By City

City	Recognised Property Sales Area (sq.m.)	Recognised Property Sales Income (RMB Million)	Percentage of Recognised Property Sales Income (%)
Beijing	34,570	1,972	19.5
Quanzhou	285,459	3,249	32.3
Linfen	111,508	747	7.4
Tianjin	140,320	1,397	13.9
Chongqing	150,610	905	9.0
Zhangzhou	58,763	549	5.5
Others	162,315	1,247	12.4
Total	**943,545**	**10,066**	**100.0**

By Region

Region	Recognised Property Sales Area (sq.m.)	Recognised Property Sales Income (RMB Million)	Percentage of Recognised Property Sales Income (%)
Bohai Rim Economic Zone	323,214	4,659	46.3
West Taiwan Strait Economic Zone	363,932	3,950	39.2
Central Western Region	255,662	1,428	14.2
Yangtze River Delta Economic Zone	737	29	0.3
Total	**943,545**	**10,066**	**100.0**

By City Tier

City Tier	Recognised Property Sales Area (sq.m.)	Recognised Property Sales Income (RMB Million)	Percentage of Recognised Property Sales Income (%)
First-tier cities	34,968	1,998	19.8
Second-tier cities	338,061	2,955	29.4
Third- and fourth-tier cities	570,516	5,113	50.8
Total	**943,545**	**10,066**	**100.0**

Beijing • World City

Land Bank

During the period, with the strategic layout of "Regional Focused, Multi-industries Development"(區域聚焦，多業態發展), the Group continued to concentrate on the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, the Guangdong — Hong Kong — Macao Greater Bay Area, Central Western Region and the West Taiwan Strait Economic Zone. The Group strategically focused on first-tier and core second-tier cities and flexibly entered strong third-tier cities.

Under the background of central government regulation, since the third quarter of 2018, the price of the real estate market began to fall, and unsuccessful land bids occurred in the market. The Group also began to stop purchasing land and reserve more funds. In December 2018, the Group seized the opportunity of lower land prices and re-entered the land market. From December 2018 to February 2019, the Group actively purchased land from the land market, which had greater profit margins. In the first half of 2019, the Group together with its joint ventures and associates proactively expanded its land banks and acquired 27 projects in total in 19 cities, including Beijing, Tianjin, Chongqing, Hangzhou, Jinan, Nanchang, Foshan and Kunming. The aggregate land cost was approximately RMB24.034 billion (the land cost attributable to the Group was approximately RMB14.438 billion) and the aggregate above-ground buildable area was approximately 5.27 million sq.m.

Quanzhou • World City

The new land acquisitions were as follows:

City	Project Name	Type of Property	Above-ground GFA (sq.m.)	Land Cost (RMB Million)	Average Land Cost (RMB/sq.m.)	Percentage of Interest Attributable to the Group (%)
Bohai Rim Economic Zone						
Beijing	The Regent	Residential and commercial	133,434	1,600	11,991	50%
Tianjin	Polaris Bay	Residential	70,712	732	10,352	95%
Tianjin	Gratifying Bay	Residential	58,006	577	9,947	33%
Tianjin	River Coast	Residential	51,784	262	5,067	42%
Tianjin	Galaxy	Residential	73,822	770	10,430	50%
Jinan	Royal Palace	Residential	132,915	474	3,566	95%
Jinan	The Prestige	Residential and commercial	422,671	3,248	7,684	50%
Yangtze River Delta Economic Zone						
Hangzhou	Hangzhou Project (Pengbu)	Residential and commercial	93,121	1,595	17,128	33%
Hangzhou	Hangzhou Project (Linan)	Residential	53,249	465	8,732	25%
Suzhou	Glory Sky	Residential and commercial	170,351	2,061	12,098	91%
Nantong	The Royal Bay	Residential	162,307	47	288	55%
Xuzhou	Parkview City Phase 1	Residential	326,270	783	2,400	46%
Xuzhou	Parkview City Phase 2	Residential	198,164	476	2,400	46%
Jiaxing	Parkview Bay	Residential, office and commercial	121,563	359	2,957	100%
Yiwu	Yiwu Project	Residential and commercial	198,736	1,610	8,101	33%
West Taiwan Strait Economic Zone						
Nanchang	Royal Palace	Residential and commercial	559,224	1,807	3,231	100%
Quanzhou	Cloudview Palace	Residential and commercial	145,863	420	2,879	90%
Quanzhou	Parkview Mount	Residential and commercial	376,376	645	1,714	50%
Zhangzhou	Royal Palace	Residential and commercial	70,260	354	5,038	80%
Putian	Parkview Bay	Residential and commercial	224,000	506	2,259	100%
Guangdong — Hong Kong — Macao Greater Bay Area						
Foshan	Town of Golden River	Residential and commercial	187,591	617	3,290	48%
Huizhou	Sceneway Bay	Residential and commercial	137,029	380	2,773	48%
Shanwei	Century Palace	Residential and commercial	348,287	463	1,329	100%
Central Western Region						
Chongqing	Imperial Manor	Residential	249,111	1,045	4,196	50%
Chongqing	Chongqing Project	Residential	164,310	905	5,508	51%
Kunming	The Prestige	Residential and commercial	440,780	1,739	3,945	50%
Luoyang	Luoyang Project	Residential	104,192	94	900	80%
			5,274,128	24,034	4,557	

As at 30 June 2019, the Group together with its joint ventures and associates had a land bank with an aggregate planned GFA of approximately 29.01 million sq.m. (the aggregate planned GFA attributable to the Group was 16.32 million sq.m.), distributing in 37 cities. From the perspective of geographic distribution, the land bank costs of the Group together with its joint ventures and associates located in the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, the West Taiwan Strait Economic Zone, Guangdong — Hong Kong — Macao Greater Bay Area and Central Western Region have accounted for 39.8%, 25.4%, 16.0%, 5.6% and 13.2% of the total land bank cost (excluding investment properties) respectively. Considering the city tier, the land bank costs of the Group together with its joint ventures and associates located in first-tier, second-tier as well as third- and fourth-tier cities have accounted for 12.4%, 65.3% and 22.3% of the total land bank cost (excluding investment properties) respectively.

Debt Management

2018 was a difficult year for real estate enterprises to raise funds. Approaching 2019, the overall financing environment has greatly improved. The Company grasped the right opportunity to issue the two-year senior notes of US$500 million at a coupon rate of 8.75% due in 2021 in early January 2019. The Company issued the five-year senior notes of US$350 million at a coupon rate of 7.375% due in 2024 in early April 2019. The Company issued the 3.75-year senior notes of US$500 million at a coupon rate of 7.25% due in 2023 in early July 2019. The proceeds were mainly used to redeem the 10% senior notes due in July 2020.

Through the above-mentioned overseas financing, the Group can reserve more funds for the future corporate development. On the other hand, the Group also successfully optimised its debt structure and extended its debt maturities. As at 30 June 2019, short-term debt only accounted for 22.7% of total debt, while short-term debt only accounted for 39.0% of cash and bank balances, which proved that the Group had abundant liquidity. Affected by the overall financing environment in 2018, the average financing cost in the first half of 2019 increased slightly from 6.4% in the same period last year to 6.7%.

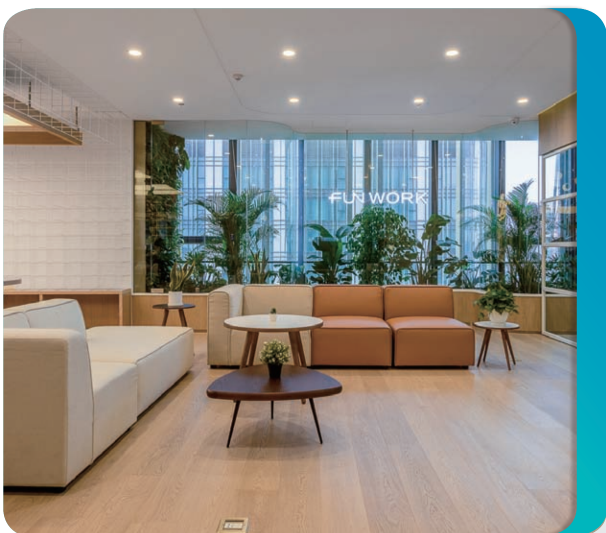
OUTLOOK

In the second half of 2019, in the face of the uncertainties in the Chinese economy and friction in trade between China and the United States of America, the downward risks of China's economy will increase. In order to stimulate economic growth, the central government will adopt proactive fiscal policies and prudent monetary policies. At the same time, the regulatory authority will continue to monitor real estate financial risks and prevent illegal capital from flowing into the real estate sector. To achieve smooth operation of the real estate market, the "policy by city" and "one city one policy" will be the main direction in the second half of 2019.

In the second half of 2019, the Company expects that land supply in popular cities will further increase. Under the tightening of real estate fund monitoring, the price of land market will have more investment value. The Group will seize the opportunity to increase land reserves mainly in second-tier and strong third-tier cities to prepare for future marketable resources.

The Company expects that real estate sales will remain stable in the second half of 2019. The Group will seize the market opportunity to timely launch new properties and speed up capital recovery and asset turnover ratio so as to maximise profits. With the huge and balanced marketable resources of the Group, the Company is confident to achieve the contracted sales target of RMB70 billion set at the beginning of the year.


FUN LIVE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FUNWORK

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue of the Group mainly derives from sales of properties, rental income, property management fees and project management income.

The revenue increased by 10.7% from approximately RMB9,414,763,000 in the first half of 2018 to approximately RMB10,422,829,000 in the first half of 2019, which was attributable to the increase in property sales income.

- **Sales of properties**

  Income from property sales increased by 10.2% from approximately RMB9,133,627,000 in the first half of 2018 to approximately RMB10,066,254,000 in the first half of 2019. Delivered area increased significantly by 64.5% from 573,739 sq.m. in the first half of 2018 to 943,545 sq.m. in the first half of 2019. The average unit selling price decreased from RMB15,919 per sq.m. in the first half of 2018 to RMB10,669 per sq.m. in the first half of 2019.

- **Rental income**

  Rental income increased significantly by 77.7% from approximately RMB75,077,000 in the first half of 2018 to approximately RMB133,392,000 in the first half of 2019, which was mainly attributable to the contribution of rental income from the office buildings of SCE Plaza in Shanghai and the shopping mall of World City in Nanan.

- **Property management fees**

  Property management fees increased by 11.6% from approximately RMB142,650,000 in the first half of 2018 to approximately RMB159,177,000 in the first half of 2019, which was mainly attributable to the increase in number and floor area of properties under the management.

- **Project management income**

  The project management income increased by 0.9% from approximately RMB63,409,000 in the first half of 2018 to approximately RMB64,006,000 in the first half of 2019, which was attributable to the project management service and other property related service income provided to joint ventures.

Gross Profit

Gross profit decreased by 1.0% from approximately RMB3,041,951,000 in the first half of 2018 to approximately RMB3,010,580,000 in the first half of 2019. Gross profit margin decreased from 32.3% in the first half of 2018 to 28.9% in the first half of 2019. The decrease in gross profit margin was attributable to the impact on average unit selling price of projects as result of price restriction policy.

MANAGEMENT DISCUSSION AND ANALYSIS

Changes in Fair Value of Investment Properties

The fair value gains of investment properties increased significantly by 123.6% from approximately RMB327,419,000 in the first half of 2018 to approximately RMB732,250,000 in the first half of 2019. The fair value gains of investment properties during the period were mainly attributable to the value appreciation of the office buildings of SCE Plaza in Shanghai and certain long-term rental apartments.

Selling and Marketing Expenses

Selling and marketing expenses increased significantly by 70.5% from approximately RMB135,669,000 in the first half of 2018 to approximately RMB231,294,000 in the first half of 2019. The increase in selling and marketing expenses was mainly attributable to the significant increase in the number of projects for sale during the period.

Administrative Expenses

Administrative expenses increased significantly by 48.1% from approximately RMB424,503,000 in the first half of 2018 to approximately RMB628,687,000 in the first half of 2019. The increase in administrative expenses was mainly attributable to inclusion of the equity-settled share option expenses of approximately RMB71,048,000 in the first half of 2019 and the increase in administrative staff costs to cope with the needs for business expansion.

Finance Costs

Finance costs increased by 3.1% from approximately RMB258,724,000 in the first half of 2018 to approximately RMB266,873,000 in the first half of 2019. Finance costs mainly represented partial borrowing costs which have not been capitalised as certain funds were not used for project developments. Due to the increase in bank and other borrowings (including senior notes and domestic bonds), total interest expense increased significantly by 55.4% from approximately RMB913,018,000 in the first half of 2018 to approximately RMB1,418,926,000 in the first half of 2019.

Share of Profits and Losses of Joint Ventures

Share of profits and losses of joint ventures changed from profits of approximately RMB552,716,000 in the first half of 2018 to losses of approximately RMB117,468,000 in the first half of 2019. The losses were mainly attributable to the operating expenses of projects under development of joint ventures during the period.

Income Tax Expense

Income tax expense decreased by 10.0% from approximately RMB1,163,495,000 in the first half of 2018 to approximately RMB1,047,616,000 in the first half of 2019. The decrease in income tax expense was mainly due to less provision for corporate income tax and land appreciation tax made as a result of decrease in gross profits of delivered projects.

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent decreased by 5.1% from approximately RMB2,020,225,000 in the first half of 2018 to approximately RMB1,916,809,000 in the first half of 2019. Basic earnings per share amounted to approximately RMB46.5 cents in the first half of 2019. Core profit attributable to owners of the parent increased by 28.9% from approximately RMB1,197,578,000 in the first half of 2018 to approximately RMB1,543,997,000 in the first half of 2019.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 30 June 2019, the Group's cash and bank balances were denominated in different currencies as set out below:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Renminbi	19,575,878	16,880,927
Hong Kong dollars	743,531	1,902,693
US dollars	3,177,577	1,189,195
Total cash and bank balances	23,496,986	19,972,815

According to the relevant laws and regulations of the PRC, certain property development companies of the Group are required to place certain amounts of cash and bank deposits into designated bank accounts to provide guarantees for the development of the relevant properties. The Group also places certain deposits in banks in the PRC to secure certain bills issued from banks in the PRC. As at 30 June 2019, the amount of restricted cash and pledged deposits were approximately RMB3,990,308,000 (31 December 2018: approximately RMB4,409,592,000) and approximately RMB168,457,000 (31 December 2018: approximately RMB47,909,000), respectively.

Borrowings and Pledged Assets

The maturity of the borrowings of the Group as at 30 June 2019 is as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Bank and other borrowings:		
Within one year or on demand	**9,169,169**	10,537,381
In the second year	**6,062,036**	2,977,463
In the third to fifth years, inclusive	**5,012,643**	6,358,405
Beyond fifth years	**1,145,367**	258,752
	21,389,215	20,132,001
Senior notes and domestic bonds:		
In the second year	**13,235,115**	5,791,736
In the third to fifth years, inclusive	**5,730,602**	7,413,908
	18,965,717	13,205,644
Total borrowings	**40,354,932**	33,337,645

The borrowings were denominated in different currencies as set out below:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Bank and other borrowings:		
Renminbi	**18,043,182**	15,060,183
Hong Kong dollars	**3,285,580**	2,737,042
US dollars	**60,453**	2,334,776
	21,389,215	20,132,001
Senior notes and domestic bonds:		
Renminbi	**3,432,508**	3,428,726
US dollars	**15,533,209**	9,776,918
	18,965,717	13,205,644
Total borrowings	**40,354,932**	33,337,645

As at 30 June 2019, approximately RMB18,236,607,000 (31 December 2018: approximately RMB15,060,183,000) of bank and other borrowings was secured by the Group's bank deposits, property and equipment, investment properties, prepaid land lease payments, properties under development and completed properties held for sale with a total carrying value of approximately RMB45,750,057,000 (31 December 2018: approximately RMB36,950,279,000), and capital stocks of certain subsidiaries. The senior notes of US$350 million at a coupon rate of 10.0% due 2020 issued in July 2015 (the "2015 Senior Notes"), the senior notes of US$500 million at a coupon rate of 5.875% due 2022 issued in March 2017 and April 2017 (the "2017 Senior Notes"), the senior notes of US$600 million at a coupon rate of 7.45% due 2021 issued in April 2018 (the "2018 Senior Notes"), the senior notes of US$500 million at a coupon rate of 8.75% due 2021 issued in January 2019 (the "2019 January Senior Notes"), the senior notes of US$350 million at a coupon rate of 7.375% due 2024 issued in April 2019 (the "2019 April Senior Notes") and approximately RMB2,809,720,000 (31 December 2018: approximately RMB4,833,471,000) of bank and other borrowings were guaranteed by certain subsidiaries of the Company and secured by pledges over their capital stocks.

As at 30 June 2019, except for certain bank and other borrowings of approximately RMB8,235,565,000 (31 December 2018: approximately RMB5,915,320,000) bearing interest at fixed interest rates, all the Group's bank and other borrowings bear interest at floating interest rates. The 2015 Senior Notes, the 2017 Senior Notes, the 2018 Senior Notes, the 2019 January Senior Notes, the 2019 April Senior Notes and the domestic corporate bonds of RMB1,974,058,000 at an adjusted coupon rate of 7.6% due 2020 issued in October 2015 and the domestic corporate bonds of RMB1,470,200,000 at an adjusted coupon rate of 7.6% due 2020 issued in December 2015 bear interest at fixed interest rates.

Gearing Ratio

The net gearing ratio was calculated by dividing the net amount of borrowings (including bank and other borrowings, senior notes and domestic bonds after deduction of cash and cash equivalents, restricted cash and pledged deposits) by total equity. As at 30 June 2019, the net gearing ratio was 66.2% (31 December 2018: 60.4%).

Exchange Rate Fluctuation Exposures

The Group's businesses are located in the PRC and all of the Group's revenue and substantially all of the Group's operating expenses are denominated in RMB. The majority of the Group's assets and liabilities are denominated in RMB. As at 30 June 2019, except for certain bank deposits, financial assets at fair value through profit or loss, bank and other borrowings, derivative financial instruments, the 2015 Senior Notes, the 2017 Senior Notes, the 2018 Senior Notes, the 2019 January Senior Notes and the 2019 April Senior Notes which were denominated in foreign currencies, exchange rate changes of RMB against foreign currencies will not have material adverse effect on the results of operations of the Group.

The Group had entered into certain capped forward cross currency swap contracts to mitigate the currency risk exposure of foreign currency denominated indebtedness. As at 30 June 2019, the Group had entered into capped forward cross currency swap contracts with an aggregate contract amount of US$220 million. Save as disclosed above, no other foreign currency hedging arrangement was made as at 30 June 2019. The Group will closely monitor its exposure to fluctuation in foreign currency exchange rates.

FINANCIAL GUARANTEE

As at 30 June 2019, the Group provided financial guarantees to the banks in respect of the following items:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	**17,946,410**	15,912,024

In addition, the Group's share of the joint ventures and associates' own financial guarantees, which are not included in the above, is as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the joint ventures and associates' properties	**3,337,690**	1,097,021

As at 30 June 2019, the Group provided guarantees to banks in connection with loan amount of RMB8,756,150,000 (31 December 2018: RMB2,414,790,000), granted to joint ventures and associates.

COMMITMENTS

As at 30 June 2019, the capital commitments of the Group are as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Contracted, but not provided for:		
Capital expenditure for properties under development, prepaid land lease payments and construction of investment properties in Mainland China	**17,171,241**	15,245,582

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

	30 June 2019 RMB'000	31 December 2018 RMB'000
Contracted, but not provided for:		
Capital expenditure for joint ventures and associates' properties under development and construction of investment properties in Mainland China	**2,589,524**	2,803,668

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2019, the Group had a total of 6,646 employees (31 December 2018: 6,470 employees). During the period under review, the total cost of employees was approximately RMB552,974,000 (six months ended 30 June 2018: approximately RMB306,300,000). The Group provides employees with competitive remuneration and benefits and has adopted share option schemes to provide incentives and rewards to, among others, the employees (please refer to the section headed "Disclosure of Interests — Share Option Schemes" of this report for further details of the share option schemes). The remuneration policy is reviewed on a regular basis based on the performance and contribution of the employees and the industry remuneration level. In addition, the Group also provides various training courses to enhance its employees' skills and capabilities in all aspects. The Group has launched its management trainee programme since 2011 for positions in selected functional areas in order to build a pipeline for succession.

MATERIAL ACQUISITION OF SUBSIDIARIES

Details of material acquisition of subsidiaries of the Group during the period are set out in Note 17 and Note 18 to the unaudited interim condensed consolidated financial statements.

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

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

Long positions in ordinary shares (the "Shares") of the Company:

	Interest in Shares			
Name of Director	Beneficial Owner	Interest of Controlled Corporation	Total Number of Shares Held or Interested	Percentage of the Company's Issued Share Capital
Mr. Wong Chiu Yeung ("Mr. Wong")	–	2,105,000,000 (Note 1)	2,105,000,000	51.02%
Mr. Chen Yuanlai ("Mr. Chen")	20,000,000	150,000,000 (Note 2)	170,000,000	4.12%
Mr. Cheng Hiu Lok ("Mr. Cheng")	–	150,000,000 (Note 3)	150,000,000	3.64%
Mr. Huang Youquan	34,000,000	–	34,000,000	0.82%

Long positions in share options of the Company:

Name of Director	Number of Share Options Directly Beneficially Owned	Percentage of the Company's Issued Share Capital
Mr. Chen	40,000,000	0.97%
Mr. Cheng	40,000,000	0.97%
Mr. Huang Youquan	32,000,000	0.78%

Note 1: These 2,105,000,000 Shares were registered in the name of Newup Holdings Limited ("Newup"). Mr. Wong held 100% of the entire issued share capital of Newup and was deemed to be interested in the 2,105,000,000 Shares held by Newup pursuant to the SFO.

Note 2: These 150,000,000 Shares were registered in the name of Rising Trade Holdings Limited. Mr. Chen held 100% of the entire issued share capital of Rising Trade Holdings Limited and was deemed to be interested in the 150,000,000 Shares held by Rising Trade Holdings Limited pursuant to the SFO.

Note 3: These 150,000,000 Shares were registered in the name of Wealthy Gate Holdings Limited. Mr. Cheng held 100% of the entire issued share capital of Wealthy Gate Holdings Limited and was deemed to be interested in the 150,000,000 Shares held by Wealthy Gate Holdings Limited pursuant to the SFO.

Save as disclosed above, as at 30 June 2019, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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

As at 30 June 2019, the interests and short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO are as follows:

Long positions:

Name	Capacity and Nature of Interest	Number of Shares Held or Interested	Percentage of the Company's Issued Share Capital
Newup (Note)	Beneficial owner	2,105,000,000	51.02%

Note: Newup was wholly-owned and controlled by Mr. Wong. Accordingly, Mr. Wong was deemed to be interested in the shares held by Newup pursuant to the SFO. Mr. Wong was the sole director of Newup.

Save as disclosed above, as at 30 June 2019, no person, other than a Director or chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEMES

The Company adopted a share option scheme on 6 January 2010 (the "2010 Scheme") and a new share option scheme on 23 April 2018 (the "2018 Scheme") (together with the 2010 Scheme, collectively, the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The participants of the Scheme include any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of any member of the Group and any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

DISCLOSURE OF INTERESTS

The 2010 Scheme became effective on 6 January 2010 and unless otherwise cancelled or amended, will remain in force for a period of 10 years to 5 January 2020. The 2018 Scheme became effective on 23 April 2018 and unless otherwise cancelled or amended, will remain in force for a period of 10 years to 22 April 2028.

During the six months ended 30 June 2019, details of movements in the share options under the 2010 Option Scheme are as follows:

Category and Name of Grantee	Outstanding at 1 January 2019	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding at 30 June 2019	Exercise Price per Share	Date of Grant	Exercise Period
Employees of the Group	38,550,000	–	38,550,000	–	–	–	HK$2.4	23 December 2016	23 December 2018 to 5 January 2020

As at 30 June 2019, the Company had no share options (31 December 2018: 38,550,000 share options) outstanding under the 2010 Scheme.

During the six months ended 30 June 2019, details of movements in the share options under the 2018 Scheme are as follows:

Category and Name of Grantee	Outstanding at 1 January 2019	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding at 30 June 2019	Exercise Price per Share	Date of Grant	Exercise Period
Director									
Mr. Chen	20,000,000	–	–	–	–	20,000,000	HK$2.78	12 December 2018	1 July 2019 to 11 December 2028
	20,000,000	–	–	–	–	20,000,000	HK$2.78	12 December 2018	1 July 2020 to 11 December 2028
Mr. Cheng	20,000,000	–	–	–	–	20,000,000	HK$2.78	12 December 2018	1 July 2019 to 11 December 2028
	20,000,000	–	–	–	–	20,000,000	HK$2.78	12 December 2018	1 July 2020 to 11 December 2028
Mr. Huang Youquan	16,000,000	–	–	–	–	16,000,000	HK$2.78	12 December 2018	1 July 2019 to 11 December 2028
	16,000,000	–	–	–	–	16,000,000	HK$2.78	12 December 2018	1 July 2020 to 11 December 2028
Sub-total	112,000,000	–	–	–	–	112,000,000			
Employees of the Group	135,000,000	–	–	–	–	135,000,000	HK$2.78	12 December 2018	1 July 2019 to 11 December 2028
	135,000,000	–	–	–	–	135,000,000	HK$2.78	12 December 2018	1 July 2020 to 11 December 2028
Sub-total	270,000,000	–	–	–	–	270,000,000			
Total	382,000,000	–	–	–	–	382,000,000			

As at 30 June 2019, the Company had 382,000,000 share options outstanding under the 2018 Scheme. Should they be fully exercised, the Company will receive HK$1,061,960,000 (before issue expenses). The fair value of these unexercised options measured in accordance with the Group's accounting policy amounted to HK$137,017,000.

The exercise price of the share options is determinable by the board (the "Board") of Directors of the Company, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the Hong Kong Stock Exchange's daily quotation sheets on the date of the offer of the share options; (ii) the average closing price of the Company's shares as quoted on the Hong Kong Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

The values of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself. The value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option.

OTHER INFORMATION

CORPORATE GOVERNANCE

The Company has been committed to maintain a high standard of corporate governance so as to enhance the operational efficiency of the Company. The Company believes that such commitment is beneficial to safeguard the interests of the Company and its shareholders. During the six months ended 30 June 2019, save as disclosed below, the Company and the Board had been in compliance with the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

Under provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. During the period under review, Mr. Wong performed his duties as both the chairman and the chief executive officer of the Company. The Board believes that serving by the same individual as chairman and chief executive officer during the rapid development of the business is beneficial to the consistency of business plans and decision-making of the Company.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

According to the provision of the CG Code, the Company established the Audit Committee on 6 January 2010. Under Rule 3.21 of the Listing Rules, the audit committee of issuers must comprise of non-executive directors only. The Audit Committee comprises three independent non-executive Directors, with Mr. Ting Leung Huel Stephen as the chairman, Mr. Lu Hong Te and Mr. Dai Yiyi as members.

Mr. Ting Leung Huel Stephen, chairman of the Audit Committee, has considerable experience in accounting and financial management, which is in line with the requirement of Rule 3.10(2) of the Listing Rules which requires that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise.

During the period under review, the Audit Committee oversaw the Company's financial reporting system, risk management and internal control system; and discussed the accounting principles and policies adopted by the Group together with the management. The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2019.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

As disclosed in the announcement of the Company dated 14 March 2018, pursuant to an agreement (the "2018 Facility Agreement") dated 14 March 2018 entered into by and among, inter alia, the Company as borrower, certain of its subsidiaries as original guarantors, and a syndicate of banks, the banks have agreed to grant to the Company a HK$3,172,100,000 and US$9,000,000 dual tranche term loan facility (the "2018 Facility") to refinance existing financial indebtedness and finance the general corporate funding requirements of the Group.

The 2018 Facility is for a term of three years and six months commencing from the date on which the first utilisation of the 2018 Facility is made under the 2018 Facility Agreement, and is guaranteed by certain subsidiaries of the Company and secured by pledges over their capital stocks.

The 2018 Facility Agreement contains a requirement that Mr. Wong, a controlling shareholder of the Company and an executive Director, and his family members (together with Mr. Wong, the "Wong Family"), (a) must remain as the single largest shareholder in the Company; (b) must hold legally and beneficially and directly or indirectly 40% or more of all classes of the Company's voting share capital and/or must directly or indirectly control (as defined in the Code on Takeovers and Mergers) the Company; and (c) Mr. Wong or a member of the Wong Family must remain as the chairman of the Board of the Company throughout the life of the 2018 Facility. A breach of such requirement will constitute an event of default under the 2018 Facility Agreement, and as a result, the 2018 Facility will be liable to be declared immediately due and payable.

As disclosed in the announcement of the Company dated 22 October 2018, the Company as borrower accepted the facility letter (the "2018 Bank Facility Letter") issued by a bank offering dated 22 October 2018 for the grant of a term loan (the "2018 Bank Facility") in the amount of up to HK$390,000,000 to finance or partly refinance the existing indebtedness of the Group and to finance the general corporate funding requirement of the Group.

The 2018 Bank Facility is for a term of 36 months commencing from the date of the first drawdown.

The 2018 Bank Facility Letter contains a requirement that Wong Family, (a) must remain as the single largest shareholder in the Company; (b) maintain (directly or indirectly) not less than 40% beneficial shareholding interest in the issued share capital and management control of the Company; and (c) Mr. Wong or a member of the Wong Family shall remain as the chairman of the board of directors of the Company throughout the life of the 2018 Bank Facility. A breach of such requirement will constitute an event of default under the 2018 Bank Facility Letter, and as a result, the 2018 Bank Facility will be liable to be declared immediately due and payable.

As at the date of this report, Mr. Wong and his associates jointly own approximately 51.02% of the voting share capital of the Company.

UPDATE ON DIRECTOR'S INFORMATION

Mr. Lu Hong Te ceased to be an independent non-executive director of ANTA Sports Products Limited, a company listed on the Hong Kong Stock Exchange (stock code: 2020), with effect from 1 March 2019. Save as disclosed above, there is no change in information regarding the directors of the Company that is required to be disclosed in this interim report pursuant to Rule 13.51B(1) of the Listing Rules.

OTHER INFORMATION

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by Directors.

The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during the period under review.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

INTERIM DIVIDEND

The Board resolved to declare an interim dividend of HK10 cents per ordinary share for the six months ended 30 June 2019 (six months ended 30 June 2018: HK7 cents). The interim dividend will be payable on or about 4 October 2019 to shareholders whose names appear on the register of members of the Company on 12 September 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Thursday, 12 September 2019, when no transfer of shares will be registered. In order to qualify for entitlement to the interim dividend for the six months ended 30 June 2019, all transfer documents should be lodged for registration with Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, 11 September 2019.

By order of the Board
Wong Chiu Yeung
Chairman

Hong Kong, 21 August 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Notes	Six months ended 30 June 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
REVENUE	4	**10,422,829**	9,414,763
Cost of sales		**(7,412,249)**	(6,372,812)
Gross profit		**3,010,580**	3,041,951
Other income and gains	4	**759,796**	133,372
Changes in fair value of investment properties, net		**732,250**	327,419
Selling and marketing expenses		**(231,294)**	(135,669)
Administrative expenses		**(628,687)**	(424,503)
Finance costs	5	**(266,873)**	(258,724)
Share of profits and losses of:			
Joint ventures		**(117,468)**	552,716
Associates		**(16,668)**	(3,737)
PROFIT BEFORE TAX	6	**3,241,636**	3,232,825
Income tax expense	7	**(1,047,616)**	(1,163,495)
PROFIT FOR THE PERIOD		**2,194,020**	2,069,330
OTHER COMPREHENSIVE INCOME/(LOSS):			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive loss of joint ventures		**(53)**	(9,355)
Share of other comprehensive loss of associates		**–**	(7)
Exchange differences on translation of foreign operations		**(52,073)**	(142,262)
Release of other reserves upon deemed acquisition of subsidiaries		**–**	40,539
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**(52,126)**	(111,085)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		**(52,126)**	(111,085)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**2,141,894**	1,958,245

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Note	Six months ended 30 June	
		2019	2018
		(Unaudited)	(Unaudited)
		RMB'000	RMB'000
Profit attributable to:			
Owners of the parent		**1,916,809**	2,020,225
Holders of perpetual capital instruments		**31,850**	26,542
Non-controlling interests		**245,361**	22,563
		2,194,020	2,069,330
Total comprehensive income attributable to:			
Owners of the parent		**1,866,493**	1,922,909
Holders of perpetual capital instruments		**31,850**	26,542
Non-controlling interests		**243,551**	8,794
		2,141,894	1,958,245
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		**RMB46.5 cents**	RMB52.8 cents
Diluted		**RMB45.6 cents**	RMB51.3 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

	Notes	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
NON-CURRENT ASSETS			
Property and equipment	10	**794,038**	680,784
Investment properties		**22,061,922**	20,270,300
Prepaid land lease payments		**–**	5,028,066
Intangible asset		**3,236**	3,319
Properties under development	10	**14,466,442**	2,730,414
Contract in progress	10	**333,702**	326,907
Investments in joint ventures		**11,075,678**	5,683,818
Investments in associates		**273,181**	155,072
Prepayments and other assets		**3,646,963**	3,836,906
Deferred tax assets		**536,023**	561,628
Total non-current assets		**53,191,185**	39,277,214
CURRENT ASSETS			
Properties under development	10	**31,897,139**	28,101,140
Completed properties held for sale		**5,740,030**	3,242,502
Trade receivables	11	**476,852**	401,785
Prepayments, other receivables and other assets		**8,692,031**	4,855,783
Financial assets at fair value through profit or loss		**649,079**	642,440
Due from related parties		**4,602,824**	4,009,493
Prepaid income tax		**1,175,436**	987,603
Restricted cash		**3,990,308**	4,409,592
Pledged deposits		**168,457**	47,909
Cash and cash equivalents		**19,338,221**	15,515,314
Total current assets		**76,730,377**	62,213,561
CURRENT LIABILITIES			
Trade and bills payables	12	**12,598,400**	8,347,133
Other payables and accruals		**16,866,938**	9,929,465
Contract liabilities		**23,782,669**	21,539,926
Interest-bearing bank and other borrowings	13	**9,169,169**	10,537,381
Derivative financial instruments		**11,212**	26,739
Due to related parties		**4,560,900**	1,246,015
Tax payable		**2,708,150**	2,599,736
Total current liabilities		**69,697,438**	54,226,395
NET CURRENT ASSETS		**7,032,939**	7,987,166
TOTAL ASSETS LESS CURRENT LIABILITIES		**60,224,124**	47,264,380

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

	Notes	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**60,224,124**	47,264,380
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	13	**12,220,046**	9,594,620
Senior notes and domestic bonds	14	**18,965,717**	13,205,644
Lease liabilities		**176,486**	–
Deferred tax liabilities		**3,331,977**	2,279,297
Provision for major overhauls		**52,696**	45,412
Total non-current liabilities		**34,746,922**	25,124,973
Net assets		**25,477,202**	22,139,407
EQUITY			
Equity attributable to owners of the parent			
Issued capital	15	**356,466**	353,077
Reserves		**16,362,555**	15,129,109
		16,719,021	15,482,186
Perpetual capital instruments	16	**700,000**	700,000
Non-controlling interests		**8,058,181**	5,957,221
Total equity		**25,477,202**	22,139,407

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the parent														
	Issued capital (Unaudited) RMB'000	Share premium account (Unaudited) RMB'000	Capital reserve (Unaudited) RMB'000	Statutory surplus reserve (Unaudited) RMB'000	Merger reserve (Unaudited) RMB'000	Property revaluation reserve (Unaudited) RMB'000	Other reserves (Unaudited) RMB'000	Share option reserve (Unaudited) RMB'000	Hedging reserve (Unaudited) RMB'000	Exchange fluctuation reserve (Unaudited) RMB'000	Retained profits (Unaudited) RMB'000	Total (Unaudited) RMB'000	Perpetual capital instruments (Unaudited) RMB'000	Non-controlling interests (Unaudited) RMB'000	Total equity (Unaudited) RMB'000
At 1 January 2019	353,077	1,726,337*	(266,975)*	1,286,932*	30*	82,872*	2,172*	14,321*	(44,811)*	(349,843)*	12,678,074*	15,482,186	700,000	5,957,221	22,139,407
Profit for the period	-	-	-	-	-	-	-	-	-	-	1,916,809	1,916,809	31,850	245,361	2,194,020
Other comprehensive loss for the period:															
Share of other comprehensive loss of joint ventures	-	-	-	-	-	-	(53)	-	-	-	-	(53)	-	-	(53)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	(50,263)	-	(50,263)	-	(1,810)	(52,073)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	(53)	-	-	(50,263)	1,916,809	1,866,493	31,850	243,551	2,141,894
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	1,157,011	1,157,011
Dividend paid to a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(140,000)	(140,000)
Acquisition of non-controlling interests	-	-	(276,380)	-	-	-	-	-	-	-	-	(276,380)	-	(230,220)	(506,600)
Acquisition of subsidiaries *(note 17(a))*	-	-	-	-	-	-	-	-	-	-	-	-	-	1,054,868	1,054,868
Acquisition of a subsidiary that is not a business *(note 18)*	-	-	-	-	-	-	-	-	-	-	-	-	-	15,750	15,750
Distribution to holders of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	(31,850)	-	(31,850)
Share options exercised	3,389	87,322	-	-	-	-	-	(7,159)	-	-	-	83,552	-	-	83,552
2018 final dividend approved	-	(507,878)	-	-	-	-	-	-	-	-	-	(507,878)	-	-	(507,878)
Equity-settled share option arrangements	-	-	-	-	-	-	-	71,048	-	-	-	71,048	-	-	71,048
At 30 June 2019	356,466	1,305,781*	(543,355)*	1,286,932*	30*	82,872*	2,119*	78,210*	(44,811)*	(400,106)*	14,594,883*	16,719,021	700,000	8,058,181	25,477,202

* These reserve accounts comprise the consolidated reserves of RMB16,362,555,000 (31 December 2018: RMB15,129,109,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the parent														
	Issued capital (Unaudited) RMB'000	Share premium account (Unaudited) RMB'000	Capital reserve (Unaudited) RMB'000	Statutory surplus reserve (Unaudited) RMB'000	Merger reserve (Unaudited) RMB'000	Property revaluation reserve (Unaudited) RMB'000	Other reserves (Unaudited) RMB'000	Share option reserve (Unaudited) RMB'000	Hedging reserve (Unaudited) RMB'000	Exchange fluctuation reserve (Unaudited) RMB'000	Retained profits (Unaudited) RMB'000	Total (Unaudited) RMB'000	Perpetual capital instruments (Unaudited) RMB'000	Non-controlling interests (Unaudited) RMB'000	Total equity (Unaudited) RMB'000
At 1 January 2018 (as previously reported)	329,804	1,760,214	(274,445)	1,114,988	30	82,872	(24,502)	56,798	(44,811)	42,910	9,464,734	12,508,592	700,000	3,400,505	16,609,097
Profit for the period	–	–	–	–	–	–	–	–	–	–	2,020,225	2,020,225	26,542	22,563	2,069,330
Other comprehensive income/(loss) for the period:															
Release of other reserves upon deemed acquisition of subsidiaries	–	–	–	–	–	–	40,539	–	–	–	–	40,539	–	–	40,539
Share of other comprehensive loss of joint ventures	–	–	–	–	–	–	(9,355)	–	–	–	–	(9,355)	–	–	(9,355)
Share of other comprehensive loss of associates	–	–	–	–	–	–	(7)	–	–	–	–	(7)	–	–	(7)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	(128,493)	–	(128,493)	–	(13,769)	(142,262)
Total comprehensive income/(loss) for the period	–	–	–	–	–	–	31,177	–	–	(128,493)	2,020,225	1,922,909	26,542	8,794	1,958,245
Capital reduction of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	(24,739)	(24,739)
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	95,484	95,484
Dividend paid to non-controlling shareholders of subsidiaries	–	–	–	(63,060)	–	–	–	–	–	–	63,060	–	–	(535,550)	(535,550)
Acquisition of subsidiaries *(notes 17(b) and 18)*	–	–	–	–	–	–	–	–	–	–	–	–	–	1,266,305	1,266,305
Distribution to holders of perpetual capital instruments	–	–	–	–	–	–	–	–	–	–	–	–	(26,542)	–	(26,542)
2017 final dividend approved	–	(413,984)	–	–	–	–	–	–	–	–	–	(413,984)	–	–	(413,984)
Equity-settled share option arrangements	–	–	–	–	–	–	–	6,464	–	–	–	6,464	–	–	6,464
At 30 June 2018	329,804	1,346,230	(274,445)	1,051,928	30	82,872	6,675	63,262	(44,811)	(85,583)	11,548,019	14,023,981	700,000	4,210,799	18,934,780

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Notes	Six months ended 30 June 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		**2,163,703**	7,172,207
Interest received		**81,724**	24,259
Interest paid		**(1,180,455)**	(755,847)
PRC corporate income tax paid		**(592,232)**	(731,164)
PRC land appreciation tax paid		**(384,812)**	(374,072)
Net cash flows from operating activities		**87,928**	5,335,383
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property and equipment		**(52,912)**	(21,848)
Proceeds from disposal of items of property and equipment		**142**	19,108
Additions to investment properties		**(925,150)**	(430,904)
Proceeds from disposal of an investment property		**–**	8,088
Prepayment for establishment of joint ventures		**(103,848)**	(4,410,415)
Acquisition of subsidiaries	17, 18	**(914,996)**	19,245
Investment in joint ventures		**(828,296)**	(293)
Proceeds from disposal of a joint venture		**65,000**	–
Investment in associates		**(190,000)**	–
Dividend from a joint venture		**–**	73,500
Dividend from associates		**24,075**	–
Loans to joint ventures and associates		**(4,935,184)**	(129,494)
Decrease/(increase) in restricted cash		**419,284**	(675,641)
Decrease/(increase) in pledged deposits		**(120,548)**	23,047
Increase in time deposits with original maturity over three months		**(871,165)**	–
Other investing cash flows, net		**(81,123)**	(259,337)
Net cash flows used in investing activities		**(8,514,721)**	(5,784,944)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of senior notes		**5,640,528**	3,753,015
Issuance costs of senior notes		**(65,956)**	(48,546)
New bank and other borrowings		**8,066,155**	9,987,805
Repayment of bank and other borrowings		**(6,802,254)**	(5,933,160)
Payment of lease liabilities		**(29,359)**	–
Acquisition of non-controlling interests		**(506,600)**	–
Capital contribution from non-controlling shareholders		**1,157,011**	95,484
Distribution to holders of perpetual capital instruments		**(31,850)**	(26,542)
Increase/(decrease) in amounts due to related parties, net		**3,314,885**	(644,650)
Other financing cash flows, net		**633,677**	(24,739)
Net cash flows from financing activities		**11,376,237**	7,158,667
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,949,444**	6,709,106
Cash and cash equivalents at beginning of period		**15,515,314**	8,145,483
Effect of foreign exchange rate changes, net		**2,298**	67,478
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**18,467,056**	14,922,067
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents stated in consolidated statement of financial position		**19,338,221**	14,922,067
Less: Non-pledged time deposits with original maturity of over three months when acquired		**(871,165)**	–
		18,467,056	14,922,067

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

1. BASIS OF PREPARATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and whose shares are publicly traded on the Hong Kong Stock Exchange. The principal activities of the Group are described in note 3 to the unaudited interim condensed consolidated financial statements.

The unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Appendix 16 to the Listing Rules.

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

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group's annual consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the new and revised HKFRSs as disclosed in note 2 below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss and derivative financial instruments, which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has fully assessed and adopted, to the extent that is relevant to the Group, the following new and revised HKFRSs for the first time for the current period's unaudited interim condensed consolidated financial statements.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for HKFRS 16 *Leases* and Amendments to HKAS 28 *Long-term Interests in Associates and Joint Ventures*, other amendments and interpretations are applied for the first time in 2019, but do not have significant impact on the unaudited interim condensed consolidated financial statements.

The nature and impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)–Int 4 *Determining whether an Arrangement contains a Lease,* HK(SIC)–Int 15 *Operating Leases — Incentives* and HK(SIC)–Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)–Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)–Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(a) *(continued)*

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for properties. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for an elective exemption for leases of short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The current portion of lease liabilities were included in other payables and accruals whereas the non-current portion of lease liabilities were separately disclosed in the consolidated statement of financial position.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date and included in property and equipment and properties under development, as appropriate.

For the leasehold land and building (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(a) *(continued)*

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term leases exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics

The effect of adoption of HKFRS 16 as at 1 January 2019 is as follows:

	Increase/ (decrease) (Unaudited) RMB'000
Non-current assets	
Property and equipment	49,885
Investment properties	28,760
Prepaid land lease payments	(5,028,066)
Properties under development	5,028,066
Total assets	78,645
Current liabilities	
Other payable and accruals	18,657
Non-current liabilities	
Lease liabilities	59,988
Total liabilities	78,645

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(a) *(continued)*

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	(Unaudited) RMB'000
Operating lease commitments as at 31 December 2018	62,599
Weighted average incremental borrowing rate as at 1 January 2019	8%
Discounted operating lease commitments at 1 January 2019	51,134
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	(14,156)
Add: Present value of lease payment in optional extension periods not recognised as at 31 December 2018	41,667
Lease liabilities as at 1 January 2019	78,645

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual consolidated financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as properties under development, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "properties under development". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment properties, it is included in investment properties. The corresponding right-of-use assets initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(a) *(continued)*

Summary of new accounting policies *(continued)*

Leases liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

The Group determines at the commencement date the lease term as the non-cancellable term of the lease, together with any periods covered by an option to terminate the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term liabilities

The Group applies the short-term lease recognition exemption to short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the Group's unaudited interim condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the businesses of property development, property investment, property management, land development and project management. For management purposes, the property development and property investment businesses are monitored as one operating segment on a project basis to allocate resources and assess performance. For financial reporting purposes, the property management segment, land development segment and project management segment are combined with the property development and investment segment as its reported revenue, reported results and assets are less than 10% of the consolidated revenue, consolidated profit and consolidated assets of the Group.

The Group's revenue from external customers from each product or service is set out in note 4 to the unaudited interim condensed consolidated financial statements.

The Group's revenue from external customers is derived solely from its operations in the PRC, and the non-current assets of the Group are substantially located in the PRC.

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

4. REVENUE, OTHER INCOME AND GAINS

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

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue from contracts with customers		
Sales of properties	**10,066,254**	9,133,627
Property management fees	**159,177**	142,650
Project management income	**64,006**	63,409
Revenue from other sources		
Gross rental income	**133,392**	75,077
	10,422,829	9,414,763

4. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue from contracts with customers

Disaggregated revenue information

For the six months ended 30 June 2019

	Sales of properties (Unaudited) RMB'000	Property management fees (Unaudited) RMB'000	Project management income (Unaudited) RMB'000	Total (Unaudited) RMB'000
Timing of revenue recognition:				
Goods transferred at a point in time	**10,066,254**	**–**	**–**	**10,066,254**
Services transferred over time	**–**	**159,177**	**64,006**	**223,183**
Total revenue from contracts with customers	**10,066,254**	**159,177**	**64,006**	**10,289,437**

For the six months ended 30 June 2018

	Sales of properties (Unaudited) RMB'000	Property management fees (Unaudited) RMB'000	Project management income (Unaudited) RMB'000	Total (Unaudited) RMB'000
Timing of revenue recognition:				
Goods transferred at a point in time	9,133,627	–	–	9,133,627
Services transferred over time	–	142,650	63,409	206,059
Total revenue from contracts with customers	9,133,627	142,650	63,409	9,339,686

4. REVENUE, OTHER INCOME AND GAINS *(continued)*

An analysis of the Group's other income and gains is as follows:

	Six months ended 30 June	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Other income and gains		
Bank interest income	**81,724**	24,259
Gain on disposal of items of property and equipment, net	**76**	10,179
Fair value gain on financial assets at fair value through profit or loss, net	**–**	2,440
Fair value gain of derivative financial instruments — transactions not qualifying as hedges	**15,300**	48,936
Gain on deemed acquisition of subsidiaries (note 17(b))	**–**	3,182
Gain on bargain purchase (note 17(a))	**563,844**	–
Gain on disposal of a joint venture	**14,046**	–
Others	**84,806**	44,376
	759,796	133,372

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Interest on bank and other borrowings, senior notes and domestic bonds	**1,406,794**	911,125
Interest on lease liabilities	**9,924**	–
Increase in a discounted amount of provision for major overhauls arising from the passage of time	**2,208**	1,893
Total interest expense on financial liabilities not at fair value through profit or loss	**1,418,926**	913,018
Less: Interest capitalised	**(1,152,053)**	(654,294)
	266,873	258,724

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of properties sold	**7,295,841**	6,159,379
Cost of services provided	**116,325**	213,350
Depreciation of property equipment	**28,030**	12,240
Depreciation of right-of-use assets	**30,036**	–
Amortisation of land lease payments	**–**	6,577
Amortisation of an intangible asset*	**83**	83
Employee benefit expenses (including directors' remuneration):		
Salaries and other staff costs	**389,591**	251,942
Equity-settled share option expenses	**71,048**	6,464
Pension scheme contributions	**92,335**	47,894
Less: Amount capitalised	**(174,382)**	(132,251)
	378,592	174,049
Foreign exchange differences, net	**18,313**	62,616
Fair value gain of derivative financial instruments — transactions not qualifying as hedges	**(15,300)**	(48,936)
Fair value loss/(gain) of financial assets at fair value through profit or loss, net	**18,536**	(2,440)
Gain on disposal of items of property and equipment, net	**(76)**	(10,179)
Loss on disposal of an investment property	**–**	8,230

* The amortisation of an intangible asset for the period is included in "Cost of sales" in the consolidated statements of profit or loss and other comprehensive income.

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2018: Nil). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current charge for the period:		
PRC corporate income tax	**685,072**	620,088
PRC land appreciation tax	**188,147**	420,352
Under-provision in prior years, net:		
Mainland China	**18,176**	40,266
	891,395	1,080,706
Deferred	**156,221**	82,789
Total tax charge for the period	**1,047,616**	1,163,495

During the six months ended 30 June 2019, the share of tax charge attributable to joint ventures amounting to RMB33,158,000 (six months ended 30 June 2018: RMB164,841,000); and the share of tax charge attributable to associates amounted to RMB575,000 (six months ended 30 June 2018: Nil) are included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss and other comprehensive income.

8. DIVIDENDS

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interim — HK10 cents (six months ended 30 June 2018: HK7 cents) per ordinary share	**362,770**	225,993

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 4,123,576,711 (six months ended 30 June 2018: 3,823,840,000) in issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to owners of the parent, and the weighted average number of ordinary shares. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Earnings		
Profit attributable to owners of the parent used in the basic and diluted earnings per share calculations	**1,916,809**	2,020,225

	Number of shares Six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**4,123,576,711**	3,823,840,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	**77,151,142**	113,952,564
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	**4,200,727,853**	3,937,792,564

10. ADDITIONS TO PROPERTY AND EQUIPMENT, PROPERTIES UNDER DEVELOPMENT AND CONTRACT IN PROGRESS

During the six months ended 30 June 2019, the Group incurred approximately RMB52,912,000 (six months ended 30 June 2018: RMB21,848,000) on the addition of items of property and equipment.

During the six months ended 30 June 2019, the Group incurred approximately RMB15,159,665,000 (six months ended 30 June 2018: RMB3,442,970,000) and approximately RMB6,795,000 (six months ended 30 June 2018: RMB63,911,000) on the additions to properties under development and contract in progress, respectively.

11. TRADE RECEIVABLES

The Group's trade receivables arise from the sales of properties, leasing of investment properties and provision of property management services.

Consideration in respect of properties is payable by the purchasers in accordance with the terms of the related sale and purchase agreements. The Group normally requires its customers to make payment of monthly/quarterly charges in advance in relation to the leasing of investment properties and provision of property management services. The Group generally grants a rent-free period for three months to the lessees of the Group's investment properties, extending up to six months for major customers.

Since the Group's trade receivables are related to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. All trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the revenue recognition date and invoice date, is as follows:

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Current to 90 days	**469,866**	393,387
91 to 180 days	**91**	287
181 to 365 days	**–**	9
Over 365 days	**6,895**	8,102
	476,852	401,785

12. TRADE AND BILLS PAYABLES

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

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Within 1 year	12,403,220	8,208,575
Over 1 year	195,180	138,558
	12,598,400	8,347,133

The trade and bills payables are non-interest-bearing and normally repayable within 1 year or on demand.

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Contractual interest rate (%) per annum	Maturity	RMB'000	Contractual interest rate (%) per annum	Maturity	RMB'000
Current						
Bank loans — secured	3.68–8.70	2019–2020	5,594,795	2.85–8.70	2019	8,466,376
Bank loans — unsecured	–	–	–	4.02	2019	238,347
Other loans — secured	5.22–10.90	2020	3,574,374	5.70–8.75	2019	1,832,658
			9,169,169			10,537,381
Non-current						
Bank loans — secured	4.52–7.84	2020–2034	8,437,158	4.52–7.84	2020–2033	6,819,304
Bank loans — unsecured	5.83	2022	342,888	–	–	–
Other loans — secured	6.43–10.34	2020–2021	3,440,000	6.43–8.75	2020–2021	2,775,316
			12,220,046			9,594,620
			21,389,215			20,132,001

13. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**5,594,795**	8,704,723
In the second year	**3,302,036**	2,327,463
In the third to fifth years, inclusive	**4,332,643**	4,233,089
Beyond fifth years	**1,145,367**	258,752
	14,374,841	15,524,027
Other borrowings repayable:		
Within one year	**3,574,374**	1,832,658
In the second year	**2,760,000**	650,000
In the third to fifth years, inclusive	**680,000**	2,125,316
	7,014,374	4,607,974
	21,389,215	20,132,001

Notes:

(a) Certain of the Group's bank and other borrowings are secured by the Group's bank deposits, property and equipment, investment properties, prepaid land lease payments, properties under development and completed properties held for sale, details of which are disclosed in note 21 to the unaudited interim condensed consolidated financial statements.

(b) As at 30 June 2019, certain of the Group's bank and other borrowings with an aggregate amount of RMB8,123,007,000 (31 December 2018: RMB7,668,159,000) were secured by share charges in respect of the equity interests of certain subsidiaries of the Group.

(c) Except for certain bank and other borrowings of RMB3,285,580,000 (31 December 2018: RMB2,737,042,000) and RMB60,453,000 (31 December 2018: RMB2,334,776,000) as at 30 June 2019 which were denominated in Hong Kong Dollars ("HK$") and United States dollars ("US$"), respectively, all of the Group's bank and other borrowings were denominated in RMB.

(d) At the end of the reporting period, except for certain bank and other borrowings of RMB8,235,565,000 (31 December 2018: RMB5,915,320,000) with fixed interest rates, all of the Group's bank and other borrowings bear interest at floating interest rates.

(e) As at 30 June 2019, the Group's bank and other borrowings of RMB3,152,608,000 (31 December 2018: RMB4,833,471,000) has a specific performance obligation imposed on the Wong Family and pursuant to which (i) the Wong Family must remain the single largest shareholder in the Company; (ii) the Wong Family must hold legally and beneficially and directly or indirectly 40% or more of all classes of the Company's voting share capital and/or must directly or indirectly control the Company; and (iii) Mr. Wong or a member of the Wong Family must remain to be the chairman of the Board of the Company.

14. SENIOR NOTES AND DOMESTIC BONDS

	30 June 2019 (Unaudited)				31 December 2018 (Audited)			
	Principal at original currency 'million	Contractual interest rate (%) per annum	Maturity	RMB'000	Principal at original currency 'million	Contractual interest rate (%) per annum	Maturity	RMB'000
2015 Senior Notes	US$350	10.00	2020	2,370,345	US$350	10.00	2020	2,363,010
2017 Senior Notes	US$500	5.875	2022	3,376,950	US$500	5.875	2022	3,370,234
2018 Senior Notes	US$600	7.45	2021	4,054,194	US$600	7.45	2021	4,043,674
2019 January Senior Notes	US$500	8.75	2021	3,378,068	–	–	–	–
2019 April Senior Notes	US$350	7.375	2024	2,353,652	–	–	–	–
Domestic Bonds	RMB3,444	7.6	2020	3,432,508	RMB3,444	7.6	2020	3,428,726
				18,965,717				13,205,644
Non-current portion				(18,965,717)				(13,205,644)
Current portion				–				–

The Company, at its option, can redeem all or a portion of the 2015 Senior Notes, the 2017 Senior Notes, the 2018 Senior Notes, the 2019 January Senior Notes and the 2019 April Senior Notes at any time prior to the maturity date at the redemption prices (principal amount plus applicable premium) plus accrued and unpaid interest up to the redemption date, as set forth in the written agreements between the Company and the trustees of the 2015 Senior Notes, the 2017 Senior Notes, the 2018 Senior Notes, the 2019 January Senior Notes and the 2019 April Senior Notes.

The 2015 Senior Notes, the 2017 Senior Notes, the 2018 Senior Notes, the 2019 January Senior Notes and the 2019 April Senior Notes are secured by pledges over the equity interests of certain subsidiaries of the Company.

In January 2019, the Group issued senior notes at coupon rate of 8.75% due 2021 with aggregate principal amount of US$500,000,000. The Group raised net proceeds of US$494,754,000 (after deduction of underwriting discount and commissions and other expenses).

In April 2019, the Group issued senior notes at coupon rate of 7.375% due 2024 with aggregate principal amount of US$350,000,000. The Group raised net proceeds of US$345,310,000 (after deduction of underwriting discount and commissions and other expenses).

The fair values of the early redemption options of the 2015 Senior Notes, the 2017 Senior Notes, the 2018 Senior Notes, the 2019 January Senior Notes and the 2019 April Senior Notes were not significant and therefore were not recognised by the Group on inception and at 30 June 2019.

14. SENIOR NOTES AND DOMESTIC BONDS *(continued)*

The fair value of the senior notes and domestic bonds as at the end of the reporting period is as follows:

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
2015 Senior Notes	**2,467,530**	2,468,548
2017 Senior Notes	**3,357,102**	3,079,235
2018 Senior Notes	**4,191,723**	4,025,368
2019 January Senior Notes	**3,565,912**	–
2019 April Senior Notes	**2,320,882**	–
Domestic Bonds	**3,580,850**	3,472,850

The fair values of the senior notes and the domestic bonds are based on price quotations from financial institutions at the reporting date.

15. SHARE CAPITAL

Shares

	30 June 2019 (Unaudited) HK$	31 December 2018 (Audited) HK$
Authorised:		
10,000,000,000 ordinary shares of HK$0.10 each	**1,000,000,000**	1,000,000,000
Issued and fully paid:		
4,126,133,380 (31 December 2018: 4,087,583,380) ordinary shares of HK$0.10 each	**412,613,338**	408,758,338
Equivalent to RMB'000	**356,466**	353,077

16. PERPETUAL CAPITAL INSTRUMENTS

The perpetual capital instruments are jointly guaranteed by the Company and certain subsidiaries, secured by pledged of the shares of the subsidiaries. There is no maturity of the instruments. Payments of distribution can be deferred at the discretion of the issuers of the perpetual capital instruments.

17. BUSINESS COMBINATION

(a) Acquisition of subsidiaries

On 11 November 2016, the Group entered into agreements in relation to the acquisition of the entire equity interests in Best Century (Worldwide) Limited ("Best Century") and 40% equity interests in Taiwan Commodity Trading Center (Kunshan) Co., Ltd. ("Taiwan Commodity"). Best Century and its subsidiaries and Taiwan Commodity are engaged in property development in Jiangsu province in the PRC. The net purchase consideration for the acquisition was in the form of cash of RMB1,361,522,000.

On 7 December 2018, the Group entered into an agreement in relation to the acquisition of 51% of the equity interests in Hong Hui Development Company Limited ("Hong Hui"). Hong Hui and its subsidiaries are engaged in property development in Jiangsu province in the PRC. The purchase consideration for the acquisition was in the form of cash of RMB628,728,000.

The acquisitions of Best Century, Taiwan Commodity and Hong Hui were completed in first half of 2019 and Best Century, Taiwan Commodity and Hong Hui and their respective subsidiaries became non-wholly-owned subsidiaries of the Group.

As at the date of approval for issuance of the unaudited interim condensed consolidated financial statements, the fair value assessments of identifiable assets and liabilities of the aforementioned acquisitions have not been finalised and thus, the assets and liabilities recognised at the date of acquisitions have been determined provisionally. Upon finalisation of the valuation, the gain on bargain purchase arising on acquisitions may change accordingly. The directors of the Company expect the valuation will be finalised within one year from completion.

17. BUSINESS COMBINATION *(continued)*

(a) Acquisition of subsidiaries *(continued)*

The fair values of the identifiable assets and liabilities of the acquisition of subsidiaries as at the date of acquisition (determined on a provisional basis) were as follows:

	(Unaudited) RMB'000
Property and equipment	326
Investment in an associate	18,287
Properties under development	4,300,000
Completed properties held for sale	491,000
Other current assets	88,641
Cash and cash equivalents	1,266
Trade and bills payables	(2,573)
Contract liabilities	(108,636)
Other current liabilities	(331,922)
Tax payable	(6,230)
Deferred tax liabilities	(841,197)
Non-controlling interests	(1,054,868)
Total identifiable net assets at fair value	2,554,094
Gain on bargain purchase (note 4)	(563,844)
	1,990,250
Satisfied by cash	1,990,250

An analysis of the cash flows in respect of the acquisitions is as follows:

	(Unaudited) RMB'000
Cash consideration	(1,990,250)
Cash and cash equivalents acquired	1,266
Outstanding consideration at the end of the reporting period	375,360
Net outflow of cash and cash equivalents included in cash flows from investing activities	(1,613,624)

The results of the Best Century, Taiwan Commodity, Hong Hui and their respective subsidiaries acquired during the period had no significant impact on the Group's consolidated revenue or profit for the six months ended 30 June 2019.

17. BUSINESS COMBINATION *(continued)*

(b) Information on prior year's deemed acquisition of subsidiaries

On 13 June 2018, the Group reached a resolution (the "Resolution") with the joint venture partner of Cheer Rich Investments Limited ("Cheer rich"), pursuant to which the Group is entitled to appoint three of the five directors in the board of directors of Cheer Rich. Cheer Rich was previously a 44.5%-owned joint venture, and as a result of the Resolution, the Group obtained control of Cheer Rich. Cheer Rich and its subsidiaries (the "Cheer Rich Group") are principally engaged in the business of property development and property investment in Shanghai.

The fair values of the identifiable assets and liabilities of the Cheer Rich Group as at the date of acquisition were as follows:

	(Unaudited) RMB'000
Property and equipment	534
Investment properties	6,340,000
Completed properties held for sale	73,600
Trade receivables	53,384
Restricted cash	24,815
Cash and cash equivalents	16,999
Other current assets	2,196,685
Trade and bills payables	(941,646)
Contract liabilities	(44,541)
Tax payable	(129,347)
Other current liabilities	(2,481,677)
Interest-bearing bank and other borrowings	(544,000)
Deferred tax liabilities	(779,714)
Non-controlling interests	(1,244,621)
Total identifiable net assets at fair value	2,540,471
Reclassification of investments in joint ventures	(2,537,289)
Gain on deemed acquisition of subsidiaries (note 4)	3,182

17. BUSINESS COMBINATION *(continued)*

(b) Information on prior year's deemed acquisition of subsidiaries *(continued)*

An analysis of the cash flows in respect of the acquisition of the Cheer Rich Group is as follows:

	(Unaudited) RMB'000
Cash and cash equivalents acquired	16,999
Net inflow of cash and cash equivalents included in cash flows from investing activities	16,999

The results of the Cheer Rich Group acquired during the prior period had no significant impact on the Group's consolidated revenue or profit for the six months ended 30 June 2018.

18. ACQUISITION OF A SUBSIDIARY THAT IS NOT A BUSINESS

On 10 April 2019, the Group entered into an equity subscription agreement with independent third parties for the acquisition of 65% equity interest in Nantong Xiangrong Property Development Co., Ltd. ("Nantong Xiangrong") at a cash consideration of RMB29,250,000. The acquisition was completed in April 2019 and consequently Nantong Xiangrong became a non-wholly-owned subsidiary of the Group.

Prior to completion of the acquisition, Nantong Xiangrong had not carried on any significant business activities except for holding of a few parcel of land. This acquisition was accounted for by the Group as acquisition of assets, as the operations of Nantong Xiangrong did not constitute a business.

During the six months ended 30 June 2018, the Group acquired a subsidiary in the PRC at consideration approximately RMB22,569,000. The subsidiary only held parcels of land and did not conduct any substantial operation before it was acquired by the Group. The acquisition was accounted for by the Group as acquisition of assets, as the operation of the subsidiary do not constitute a business. The acquisition resulted in an increase in the non-controlling interests of the Group RMB21,684,000.

19. FINANCIAL GUARANTEES

The Group does not hold any collateral or other credit enhancements over the guarantees. The financial guarantee contracts are measured at the higher of the expected credit losses ("ECL") allowance and the amount initially recognised less the cumulative amount of income recognised. The ECL allowance is measured by estimating the cash shortfalls, which are based on the expected payments to reimburse the holders for a credit loss that it incurs less any amounts that the Group expects to receive from the debtor. The amount initially recognised represents the fair value at initial recognition of the financial guarantees.

(a) At the end of the reporting period, the Group had financial guarantees which are not provided for in these unaudited interim condensed consolidated financial statements as follows:

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties (notes)	**17,946,410**	15,912,024

Notes:

(i) As at 30 June 2019, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any auction proceeds as described below.

Pursuant to the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, in the event of default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction. The Group is responsible for repaying the banks when the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

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

(ii) The fair value of the guarantees is not significant and the directors of the Company consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties and therefore no provision has been made in these unaudited interim condensed consolidated financial statements for the guarantees.

19. FINANCIAL GUARANTEES *(continued)*

(a) *(Continued)*

In addition, the Group's share of the joint ventures and associates' own financial guarantees, which are not included in the above, is as follows:

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the joint ventures and associates' properties	**3,337,690**	1,097,021

(b) At the end of the reporting period, financial guarantee given to banks in connection with loan facilities granted to joint ventures and associates are not provided for in these unaudited interim condensed consolidated financial statements are as follows:

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Guarantees given to banks in connection with loan facilities granted to joint ventures and associates	**8,756,150**	2,414,790

In the opinion of the directors, the fair value of the guarantees at initial recognition and the ECL allowance are not significant.

20. COMMITMENTS

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

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Contracted, but not provided for:		
Capital expenditure for properties under development, prepaid land lease payments and construction of investment properties in Mainland China	**17,171,241**	15,245,582

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

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Contracted, but not provided for:		
Capital expenditure for joint ventures and associates' properties under development and construction of investment properties in Mainland China	**2,589,524**	2,803,668

21. PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group were pledged to secure certain bank and other borrowings granted to the Group:

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Bank deposits	**168,457**	47,909
Property and equipment	**589,725**	19,938
Investment properties	**13,297,531**	16,148,278
Prepaid land lease payments	**–**	2,400,597
Properties under development	**30,390,214**	18,029,459
Completed properties held for sale	**1,304,130**	304,098
	45,750,057	36,950,279

22. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the period:

	Notes	Six months ended 30 June 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Property rental income from companies controlled by the Wong Family	(i)	**2,355**	6,177
Property management fees received from companies controlled by the Wong Family	(ii)	**481**	3,375
Property management fees received from associates controlled by the Wong Family	(iii)	**2,312**	–
Property rental expenses paid to associates controlled by the Wong Family	(iv)	**5,411**	–
Aircraft leasing expense paid to a company controlled by Mr. Wong	(v)	**1,890**	1,963
Project management income received from joint ventures	(vi)	**56,727**	63,409
Interest income from a joint venture	(vii)	**8,994**	–
Purchase of a property from a joint venture	(viii)	**-**	543,418
Subscription of shares in a company controlled by the Wong Family	(ix)	**200,000**	–

Notes:

(i) The property rental income was charged at rates ranging from RMB68 to RMB219 (six months ended 30 June 2018: from RMB13 to RMB130) per square metre.

(ii) The property management fees were charged at rates ranging from RMB13 to RMB57 (six months ended 30 June 2018: from RMB13 to RMB34) per square metre.

(iii) The property management fees were charged at rate ranging from RMB15 to RMB61 (six months ended 30 June 2018: Nil) per square metre.

(iv) The property rental expenses were charged at rates ranging from RMB174 to RMB473 (six months ended 30 June 2018: Nil) per square metre.

(v) The leasing expense was charged at US$50,000 (six months ended 30 June 2018: US$50,000) per month.

(vi) The project management income was charged with reference to the contracted sales amount and certain costs incurred on property development projects.

(vii) Interest was charged at 8% per annum.

(viii) The purchase price of the property was agreed between the Group and the joint venture by negotiation.

(ix) On 25 January 2019, the Group subscribed for 25% equity interests in Fun Work Group Holdings Limited ("Fun Work") at a consideration of RMB200,000,000 and Fun Work and its subsidiaries became associates of the Group.

22. RELATED PARTY TRANSACTIONS *(continued)*

(b) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2019 **(Unaudited)** **RMB'000**	2018 (Unaudited) RMB'000
Short term employee benefits	**3,830**	3,634
Post-employment benefits	**52**	48
Total compensation paid to key management personnel	**3,882**	3,682

In the opinion of the directors, the directors of the Company represent the key management personnel of the Group.

Transactions of items (a)(i) to (a)(v) and (a)(ix) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments, other than derivative financial instruments, financial assets at fair value through profit or loss and senior notes and domestic bonds, reasonably approximate to their fair values.

The fair values of the non-current portion of deposits and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2019 was assessed to be insignificant.

Derivative financial instruments, the capped forward cross currency swap contracts, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of capped forward cross currency swap contracts are the same as their fair values.

The fair values of unlisted equity investments as at 30 June 2019 are based on price quotation from the respective fund manager or estimates based on enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple for similar companies adjusted to reflect the specific circumstances of the investments.

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Asset measured at fair value:

As at 30 June 2019

	Fair value measurement using			
	Quoted prices in active market (Level 1) (Unaudited) RMB'000	**Significant observable inputs (Level 2) (Unaudited) RMB'000**	**Significant unobservable inputs (Level 3) (Unaudited) RMB'000**	**Total (Unaudited) RMB'000**
Financial assets at fair value through profit or loss	**48,706**	**–**	**600,373**	**649,079**

As at 31 December 2018

	Fair value measurement using			
	Quoted prices in active market (Level 1) (Audited) RMB'000	Significant observable inputs (Level 2) (Audited) RMB'000	Significant unobservable inputs (Level 3) (Audited) RMB'000	Total (Audited) RMB'000
Financial assets at fair value through profit or loss	65,053	–	577,387	642,440

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Liabilities measured at fair value:

As at 30 June 2019

	Fair value measurement using			
	Quoted prices in active market (Level 1) (Unaudited) RMB'000	Significant observable inputs (Level 2) (Unaudited) RMB'000	Significant unobservable inputs (Level 3) (Unaudited) RMB'000	Total (Unaudited) RMB'000
Derivative financial instruments	–	11,212	–	11,212

As at 31 December 2018

	Fair value measurement using			
	Quoted prices in active market (Level 1) (Audited) RMB'000	Significant observable inputs (Level 2) (Audited) RMB'000	Significant unobservable inputs (Level 3) (Audited) RMB'000	Total (Audited) RMB'000
Derivative financial instruments	–	26,739	–	26,739

During the period, there were no transfer of fair value measurements between level 1 and level 2 and no transfer into or out of level 3 for both financial assets and financial liabilities.

24. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements were approved by the Board of the Company on 21 August 2019.