



佳兆業集團控股有限公司\*  
KAISA GROUP HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 1638

20<sup>th</sup>  
1999-2019



INTERIM REPORT

2019

\* For identification purposes only

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# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. KWOK Ying Shing *(Chairman)*  
Mr. SUN Yuenan *(Vice Chairman)*  
Mr. ZHENG Yi  
Mr. MAI Fan  
Mr. WENG Hao

### Non-Executive Director

Ms. CHEN Shaohuan

### Independent Non-Executive Directors

Mr. RAO Yong  
Mr. ZHANG Yizhao  
Mr. LIU Xuesheng

## AUDIT COMMITTEE

Mr. RAO Yong *(Chairman)*  
Mr. ZHANG Yizhao  
Ms. CHEN Shaohuan

## REMUNERATION COMMITTEE

Mr. ZHANG Yizhao *(Chairman)*  
Mr. RAO Yong  
Mr. KWOK Ying Shing

## NOMINATION COMMITTEE

Mr. KWOK Ying Shing *(Chairman)*  
Mr. RAO Yong  
Mr. ZHANG Yizhao

## AUTHORISED REPRESENTATIVES

Mr. SUN Yuenan  
Mr. MAI Fan

## COMPANY SECRETARY

Mr. YU Kwok Leung

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## HEADQUARTERS IN THE PRC

Room 3306, Kerry Center  
Ren Min Nan Road  
Luohu  
Shenzhen  
China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2001  
20th Floor  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road  
George Town  
Grand Cayman, KY1-1110  
Cayman Islands

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

## PRINCIPAL BANKERS

Bank of China Limited  
Industrial and Commercial Bank of China Limited  
Ping An Bank Company Limited  
China Citic Bank Corporation Limited  
China Minsheng Banking Corp. Ltd.

## **LEGAL ADVISERS**

### **As to Hong Kong and U.S. law:**

Sidley Austin

### **As to PRC law:**

King & Wood Mallesons

### **As to Cayman Islands law:**

Harney Westwood & Riegels

## **AUDITOR**

Grant Thornton Hong Kong Limited

## **LISTING INFORMATION**

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited  
(Stock Code: 1638)

## **COMPANY'S WEBSITE**

<http://www.kaisagroup.com>



# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Kaisa Group Holdings Ltd. ("**Kaisa**" or the "**Company**", which together with its subsidiaries is referred to as the "**Group**"), I present the results of the Group for the six months ended 30 June 2019 (the "**period**") and the comparative figures for the previous corresponding period.

## RESULTS AND DIVIDEND

For the period under review, the Group's turnover rose by approximately 33.8% year on year to approximately RMB20,106.0 million and gross profit increased significantly by approximately 41.6% year-on-year to approximately RMB6,707.5 million as compared with the corresponding period of 2018. Profit attributable to owners of the Company for the period grew significantly by about 66.5% year-on-year to approximately RMB2,837.2 million. Basic earnings per share increased significantly by approximately 66.2% to RMB46.7 cents. Core net profit attributable to owners of the Company (excluding net loss on repurchase of senior notes, net fair value loss on financial assets at fair value through profit or loss, net exchange losses, fair value gain on investment properties, and net of respective deferred tax) increased by 55.0% year-on-year to approximately RMB2,753.2 million from approximately RMB1,775.9 million in the corresponding period of 2018.

The Board recommended payment of an interim dividend of HK 3 cents per share for the six months ended 30 June 2019 (30 June 2018: HK 3 cents per share). The proposed dividend is subject to approval by the shareholders at the forthcoming extraordinary general meeting.

## BUSINESS REVIEW

### Property Market and Policies

In the first half of 2019, China's gross domestic product grew by 6.3% year on year to about RMB45.1 trillion, continuing the trend of steady growth. According to the National Bureau of Statistics of China, the gross floor area sold for commodity properties decreased by 1.8% year on year to 757.86 million sq. m. in the first half of 2019 while the sales value of commodity properties grew by 5.6% year on year to about RMB7.07 trillion. The local governments took differential measures in response to diverse market needs and different situations in respective cities. In the first half of the year, the divergent developments of the property markets across the country became more pronounced. In large and medium-sized cities, the number of first-hand property transactions rose initially but then fell during the period.

### Contracted Sales

During the period, to stay competitive in China's diverging property market, and to cater to the demand of first-time home buyers and upgraders, the Group launched favorable products and services to enhance the satisfaction of customers, thereby contributing to the solid growth in the Group's property sales. Riding on the market expectation and momentum from the promulgation of the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (the "**Plan**") by the Central Committee of the Communist Party of China and the State Council in February 2019, contracted sales attributable to the Group surged by 37% year on year to approximately RMB34.69 billion for the six months ended 30 June 2019, of which approximately 60% was derived from property sales in the Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**").

Sales in first-tier and major second-tier cities where the Group has strong presence continued to drive the growth. In particular, sales in first-tier cities contributed 40% of the Group's contracted sales, projects such as Shenzhen Yantian Kaisa City Plaza, Shenzhen Bantian Kaisa City Plaza, Shenzhen E Cube, Wuhan Kaisa Plaza, Wuhan Kaisa Yuefu, Zhongshan Kaisa Metro City and Huizhou Riverbank New Town recorded satisfactory results during the period.

According to the "Chinese Property Developers' Rankings by Sales from January to June of 2019" jointly published by China Real Estate Information Corp ("**CRIC**") and China Real Estate Appraisal Center, the Group ranked 31st in terms of attributable contracted sales, up by six places from 37th at the end of 2018.

## Land Bank

During the period, the Group acquired a total of 15 parcels of land at an aggregate consideration of approximately RMB16,206 million, with estimated attributable gross floor area of approximately 2.5 million sq. m., and the average land cost of approximately RMB6,600 per sq. m. for the new projects. In terms of the attributable gross floor area, the Greater Bay Area accounted for 60% of the newly acquired land, while Yangtze River Delta and Central China accounted for 19% and 13% respectively.

As of 30 June 2019, the Group undertook 167 real estate projects in 47 cities nationwide. The Group's land bank totaled approximately 25.8 million sq. m., of which approximately 14.1 million sq. m. or 54.6% of the Group's total land bank are in the Greater Bay Area. The Group's land bank in Shenzhen and Guangzhou, where are the core markets that the Group has intensively developed over the years, accounted for 35% of its land bank in the Greater Bay Area.

Regarding the redevelopment projects, on 3 July 2019, the Group successfully obtained a project in Xuhang Town, Jiading District in Shanghai for redeveloping a site of a village in the city into a land for commercial and residential use. Located in the northeastern part of Jiading District, Shanghai, the project occupies a site area of approximately 127,000 sq. m. and has gross floor area of approximately 213,500 sq. m.. The project is the largest "village-in-city" redevelopment project in terms of land area in Shanghai to date and it is also the first of its kind that a private enterprise participates in. It also marked Kaisa's first-time participation in a redevelopment project in Shanghai. The experience to be gained from this project will be a valuable source of reference for the Group in land development in the Yangtze River Delta region. Other than this, the Group's urban redevelopment project in Futian District, Shenzhen has been converted into land bank during the period, providing continuous supply for Shenzhen's sales.

## Financing and Capital Market Management

In the first half of 2019, liquidity on the capital market was initially loosen but tightened later. The loosen monetary policy at the beginning of the year led to brisk transactions at land auctions and also on the property market. However, the frequent high premium land biddings had become a cause for concern, causing provincial governments and regulatory authorities to issue decrees reining in the overheated markets for lands and properties. The moves were made in line with the central government's principle that "housing is for living in, not for speculation".

It was against this backdrop of tightened liquidity on the capital market and the stricter regulation of the markets for lands and properties that the Group strived to accelerate sales proceeds collection and liability management, and strengthened the management of capital, budget, costs and expenditure during the period. In addition, the Group also stepped up its effort to optimise its debt structure and reduce financing costs through multiple onshore and offshore financing channels.

In terms of onshore financing, the Group continued its efforts to issue domestic asset-backed securities ("**ABS**") in addition to deepening its existing cooperation with banks. As of now, the Group has obtained approvals from the Shenzhen Stock Exchange for the issue of four types of ABS in an aggregate amount of more than RMB9 billion. In March, April and July this year, the Group successfully issued RMB475 million worth of ABS backed by income from a shipping business, RMB685 million worth of ABS backed by balloon payment mortgage, and RMB555 million worth of ABS backed by a supply chain finance business. Issuance of ABS is part of the Group's drive to diversify its financing channels and it serves to optimize its debt structure, reduce financing costs and enhance cash flow management.

Regarding offshore financing, the Group adopted a series of measures to proactively manage its liability. During the period, the Group was granted issuer ratings of "B1", "B" and "B" with a "Stable" outlook respectively by such international rating agencies, such as Moody's Investors Service, Standard and Poor's Rating Services and Fitch Ratings. Such ratings could help the Group broaden its investor base and further improve the liquidity of its bond trading.

The Group also took advantage of the market conditions by swapping short-term bonds for long-term bonds in order to mitigate its exposure to risks associated with short-term debts. The issuance received with overwhelming responses from both domestic and overseas institutional investors. This reflected the international capital market's confidence in the Group's business performance and prospect.

In order to further improve its debt structure, the Group has made on-market repurchase of its 7.25% senior notes due 2020 ("**2020 Notes**") in the aggregate principal amount of US\$250 million during the period and has completed the cancellation of such repurchased notes in June. The repurchased amount represents approximately 31.65% of the total outstanding principal amount of the 2020 Notes. On 8 August 2019, the Group completed cash tender offer of its outstanding US\$300 million 12.0% senior notes due December 2019 ("**2019 Notes**"). It repurchased and cancelled US\$161.3 million in principal amount of the 2019 Notes, so as to improve its debt structure and lower future interest expense. On 16 August 2019, the Group completed the repurchase and cancellation of HKD1,162.0 million in principal amount of the Company's 6.1% unlisted notes due December 2019. Year to date, the Group had already bought back US\$561.3 million in aggregate. As a result, the principal amount of bonds outstanding in 2019 is reduced to approximately US\$138.7 million.

As at 30 June 2019, the Group's cash and bank deposits (including bank deposits, cash and bank balances and restricted cash) amounted to RMB29,979.8 million. The Group's quick ratio (cash and bank deposits divided by short-term borrowing) remained at 1.3 times, reflecting the Group's healthy liquidity position.

## PROSPECT

The turbulent Sino-United States trade relations exacerbates the uncertainty about economy. This may affect the steady growth of Chinese economy. However, it is believed that the Chinese government will adopt a series of systemic reforms as well as active fiscal policies and prudent monetary policies, which are aimed at stabilising employment, financial market, trade and both foreign and domestic investment in the country.

It is against this backdrop that the Chinese government aims to "stabilize both land prices and housing prices and manage market expectations" when it regulates the property market in the second half of the year. The "city-specific policies" on regulating the property market will continue in major cities with the objective of maintaining steady development of the real estate market. Meanwhile, China's ongoing urbanization will continue to generate both rigid demand for housing, especially in first-tier and major second-tier cities and their surrounding cities which are characterized by sound economic development, net population inflow and strong industrial base. The country's real estate sector is expected to maintain steady development as a result.

Following the promulgation of the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area on 18 February 2019, both the provincial committee of the Communist Party of China and the provincial government of Guangdong formulated and publicized their ideas on how to implement the Plan in the "Opinions of the Guangdong Provincial People's Government and the Guangdong Provincial Committee of the Communist Party of China on Implementing the Outline of the Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" on 5 July 2019. On the other hand, the Guangdong Provincial Leading Group for the purpose of Promoting the Development of the Guangdong-Hong Kong-Macao Greater Bay Area has issued "Guangdong Province's Three-year Action Plan for Promoting the Development of the Guangdong-Hong Kong-Macao Greater Bay Area from 2018 to 2020. Major tasks for the short and medium term have been set out in all these plans and they have been assigned to relevant working parties, with goals quantified. These initiatives will call for construction of infrastructure and will generate more opportunities for businesses and employment in the Greater Bay Area.

On 18 August 2019, the Central Committee of the Communist Party of China and the State Council issued the Opinions of Building Shenzhen as a Pilot Demonstration Zone for Socialism with Chinese Characteristics (關於支持深圳建設中國特色社會主義先行示範區的意見) (the "**Opinions**"). The Opinions proposed to build Shenzhen as a high-quality development highland, a model city ruled by law, an example of being a culturally advanced city, a beacon for people's well-being and a vanguard of sustainable development. Based on the Opinions, the development of Shenzhen will be divided into three stages. By 2025, Shenzhen will become one of the world's leading cities in terms of economic competitiveness and quality of development with first-class research and development input and industrial innovation capacity. With its strong cultural soft power, world-class quality public services and ecological environment, Shenzhen will become a modern international innovative city. By the mid-century, Shenzhen will become a global benchmark city in its competitiveness, innovative capability and outstanding influence.

The aforesaid initiative will create enormous development opportunities for Kaisa which has started its business as an enterprise focusing on renewal projects since 1999. Over the past 20 years, Kaisa has developed a strong foothold in the Shenzhen market. Through urban renewal projects, the Group's quality and scarce land bank can be replenished every year, supporting the Group's sales and profits. Coupled with the project reserves located in first-tier cities in the Greater Bay Area such as Shenzhen and Guangzhou, the Group will largely benefit from Shenzhen's urban development and economic boost of the Greater Bay Area.

The Group will also actively grasp opportunities by trying to acquire quality lands opportunely so as to consolidate its business presence in the area. Meanwhile, the Group will also focus on first-tier and major second-tier cities in Shanghai and Beijing Region, as well as their surrounding areas. The Group will secure the land supply for the short, medium and long term through ways of public bidding, M&A, urban renewal and development of industrial property.

As to property sales, the Group will adhere to the principle that "cash is king" and continue with its prudent approach to business development. It will continue to flexibly adjust its sales strategies and the pace of its sales effort accordingly. In financial management, the Group will take deleveraging as its priority this year, and continue to explore more other channels for low-cost financing to optimise its debt structure and improve its debt management. It will also work to ensure speedy collection of sales proceeds and strengthen capital management by utilizing its assets efficiently.

### **Acknowledgement**

The steady development of the Group during the period hinged on the enormous support from the community and our staffs' dedication and contribution. On behalf of the Board, I would like to take this opportunity to express my wholehearted gratitude to all shareholders, investors, business partners and customers of the Group for their trust and support. We will continue to work hard to fulfil or even exceed our goals so as to maximise the value and returns to our shareholders and investors.

### **KWOK Ying Shing**

*Chairman*

Hong Kong, 27 August 2019



# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERALL PERFORMANCE

During the six months ended 30 June 2019, the Group recorded a turnover of approximately RMB20,106.0 million, representing an increase of 33.8% as compared with approximately RMB15,027.8 million for the corresponding period in 2018. Profit for the period attributable to owners of the Company amounted to approximately RMB2,837.2 million, representing a year-on-year increase of 66.5%. The core net profit attributable to owners of the Company, (excluding net loss on repurchase of senior notes, net fair value loss on financial assets at fair value through profit or loss, net exchange losses, fair value gain on investment properties, and net of respective deferred tax) increased by 55.0% to approximately RMB2,753.2 million from the same period last year. Basic earnings per share amounted to RMB46.7 cents (six months ended 30 June 2018: RMB28.1 cents).

The Board recommended the payment of an interim dividend of HK3 cents per share for the six months ended 30 June 2019 (six months ended 30 June 2018: HK3 cents per share). Such dividend is to be approved by the shareholders at the forthcoming extraordinary general meeting.

## CONTRACTED SALES IN THE FIRST HALF OF 2019

In the first half of 2019, the Group's contracted sales amounted to approximately RMB34,690 million, representing an increase of 37.0% from the first half of 2018. Aggregated GFA sold for the period was 1,961,477 sq. m., representing an increase of 38.5% from the first half of 2018. Average selling price of the contracted sales in the first half of 2019 was RMB17,686 per sq. m. (first half of 2018: RMB17,880 per sq. m.). The table below shows the Group's contracted sales by region in the first half of 2019:

Region	Contracted sales area (sq.m.)	Contracted sales amount (RMB in millions)
Pearl River Delta	784,591	20,120
Yangtze River Delta	196,148	2,775
Central China Region	274,607	4,857
Western China Region	176,533	1,735
Pan-Bohai Bay Rim	529,598	5,203
<b>Total</b>	<b>1,961,477</b>	<b>34,690</b>

## Property development

### *Projects completed in the first half of 2019*

The Group adopts a strict and prudent practice in project development and adjusts its pace of business expansion as and when appropriate. During the period, the GFA of newly completed projects of the Group amounted to approximately 1.2 million sq. m..

## Projects under development

As at 30 June 2019, the Group had 69 projects under development with an aggregate of GFA of approximately 12.8 million sq. m..

## Property management

The Group generated revenue from providing property management services. During the six months ended 30 June 2019, the Group managed a total GFA of approximately 36.3 million sq. m.. The Group's property management is striving to deliver excellent and professional services to its customers and enhance brand and corporate image. As at 30 June 2019, the Group's property services penetrated into 37 cities nationwide, covering residential, commercial, office, tourism and large-scale stadiums.

## Investment properties

The Group adopts a diversified business strategy, characterised by its increase in property investment. The portfolio of investment properties will generate steady and reliable income and enlarge the overall income base of the Group. The Group develops commercial properties such as office buildings, retail stores and car parks for leasing purpose. In managing its investment property portfolio, the Group takes into account long-term growth potential, the overall market conditions, and its cash flows and financial condition. As at 30 June 2019, the Group held 21 investment property projects, with an aggregate GFA of 1,355,887 sq. m., including completed investment properties of GFA of 594,704 sq. m. for leasing purpose.

## Land bank

The Group remained cautious in replenishing its land bank nationwide by making reference to the development of the Company, availability of land supply and its existing land bank in the regions. By ways such as joint development, acquisition and bidding, auction and listing as well as urban renewal, the Group continues to seek project resources in China's regions where economy prospers.

In the first half of 2019, the Group acquired a total of 15 parcels of land or related interests through diversified channels such as public bidding, M&A and urban renewal. The aggregate attributable consideration for land acquisition amounted to approximately RMB16,206 million, and the average land cost attributable to the total GFA per unit was approximately RMB6,600 per sq. m.. The total attributable GFA per maximum allowed plot ratio attributable to the Group was approximately 2,455,358 sq. m..

As at 30 June 2019, the Group had a total land bank of approximately 25.8 million sq. m. and approximately 54.6% of land bank was located in the Greater Bay Area, which is sufficient for the Group's development needs for the next five years.

The table below sets forth detailed information of these land acquisitions:

Time of Acquisition	Location	Attributable Interest	Attributable Capacity		Attributable Consideration (RMB in millions)	Type
			Site Area (sq. m.)	Building Area (sq. m.)		
February 2019	Huizhou, Guangdong	100%	11,199	33,597	90.0	Commercial and residential
February 2019	Suzhou, Jiangsu	100%	32,006	48,008	891.1	Residential
February 2019	Hangzhou, Zhejiang	50%	19,175	19,175	315.9	Residential
April 2019	Qingyuan, Guangdong	100%	343,749	1,183,327	4,661.2	Residential
April 2019	Xiaogan, Hubei	70%	218,814	183,804	47.1	Industrial
April 2019	Dalian, Liaoning	100%	24,334	85,169	270.0	Residential
April 2019	Nanjing, Jiangsu	100%	65,698	144,535	940.0	Residential
April 2019	Nanjing, Jiangsu	51%	73,686	52,612	606.9	Residential
May 2019	Dongguan, Guangdong	51%	38,096	48,572	529.0	Residential
May 2019	Chongqing	100%	41,724	104,311	1,050.0	Residential
June 2019	Guangzhou, Guangdong	100%	47,626	94,960	1,484.5	Residential
June 2019	Foshan, Guangdong	100%	31,017	93,052	1,163.0	Residential
June 2019	Wuhan, Hubei	100%	56,901	142,252	537.7	Residential
June 2019	Shenzhen, Guangdong	70%	9,467	29,820	830.0	Residential
June 2019	Shanghai	90%	126,923	192,164	2,790.0	Residential
Total			1,140,415	2,455,358	16,206.4	

## FINANCIAL REVIEW

### Revenue

The Group's revenue was primarily derived from business segments: (i) property development, (ii) property investment, (iii) property management, (iv) hotel and catering operations, (v) cinema, department store and cultural centre operations, (vi) water-way passenger and cargo transportation, and (vii) others. Revenue increased by 33.8% to approximately RMB20,106.0 million for the six months ended 30 June 2019 from approximately RMB15,027.8 million for the corresponding period in 2018. 92.0% of the Group's revenue was generated from the sales of properties (2018: 93.1%) and 8.0% from other segments (2018: 6.9%).

#### *Sales of properties*

Revenue from sales of properties increased by approximately RMB4,516.9 million, or 32.3%, to approximately RMB18,501.7 million for the six months ended 30 June 2019 from approximately RMB13,984.8 million for the corresponding period in 2018. The increase was primarily attributable to an increase in the total GFA delivered during the six months ended 30 June 2019.

#### *Rental income*

Revenue from rental income increased by approximately RMB68.3 million, or 54.0%, to approximately RMB194.7 million for the six months ended 30 June 2019 from approximately RMB126.4 million for the corresponding period in 2018.

*Property management*

Revenue from property management service increased by approximately RMB173.2 million, or 85.8%, to approximately RMB375.0 million for the six months ended 30 June 2019 from approximately RMB201.8 million for the corresponding period in 2018. The increase was primarily attributable to the increased GFA under property management.

*Hotel and catering operations*

Revenue from hotel and catering operations of the Group decreased by approximately RMB5.4 million, or 5.1% to approximately RMB100.0 million for the six months ended 30 June 2019, from approximately RMB105.4 million for the corresponding period in 2018.

*Cinema, department stores and cultural centre operations*

Revenue from cinema, department stores and cultural centre operations increased by approximately RMB32.3 million, or 30.2%, to approximately RMB139.5 million for the six months ended 30 June 2019 from approximately RMB107.2 million for the corresponding period in 2018. The increase was primarily attributable to business expansion.

*Water-way passenger and cargo transportation*

Revenue from water-way passenger and cargo transportation increased by approximately RMB30.7 million, or 8.5% to approximately RMB393.2 million for the six months ended 30 June 2019 from approximately RMB362.6 million for the corresponding period in 2018. The increase was primarily attributable to business expansion.

**Gross profit**

The Group recorded a gross profit of approximately RMB6,707.5 million and a gross profit margin of 33.4% for the six months ended 30 June 2019 respectively, as compared to gross profit of approximately RMB4,736.5 million and a gross profit margin of 31.5% in the corresponding period of last year. The increase in gross profit margin was primarily attributable to a higher level of selling price attained in general for the properties completed and delivered to the purchasers during the six months ended 30 June 2019.

**Other gains and (losses) – net**

The Group had net other losses of approximately RMB314.1 million for the six months ended 30 June 2019, as compared to net other gains of approximately RMB115.7 million for the corresponding period in 2018. The Group's net other losses for the six months ended 30 June 2019 mainly comprised of loss on disposal of investment properties of approximately RMB221.0 million, provision for expected credit loss of approximately RMB157.7 million, write-down of completed properties held for sale and properties under development of approximately RMB85.7 million, net loss on repurchase of senior notes of approximately RMB63.5 million, net fair value loss on financial assets at fair value through profit or loss ("FVTPL") of approximately RMB33.8 million offset by dividend income from financial assets at FVTPL of approximately RMB23.3 million and net gain on disposal of financial assets at FVTPL of approximately 241.9 million. The Group's net other gains for the six months ended 30 June 2018 mainly comprised of government subsidy income of approximately RMB357.6 million, gain on repurchase of senior notes of approximately RMB142.7 million and offset by write-down of completed properties held for sale and properties under development of approximately RMB391.0 million and provision for expected credit loss of approximately RMB130.0 million.

**Provisional gain on deemed disposals**

The Group had recorded provisional gain on deemed disposals of subsidiaries of approximately RMB979.4 million for the six months ended 30 June 2019 and approximately RMB1,994.9 million for the corresponding period in 2018.

### **Selling and marketing costs**

The Group's selling and marketing costs increased by approximately RMB369.4 million, or 102.2%, to approximately RMB730.6 million for the six months ended 30 June 2019 from approximately RMB361.3 million for the corresponding period in 2018. The increase in selling and marketing costs was due to higher advertising and other promotional costs as a result of the increase in the Group's selling activities to promote its contracted sales.

### **Administrative expenses**

The Group's administrative expenses decreased by approximately RMB78.5 million, or 5.6%, to approximately RMB1,323.5 million for the six months ended 30 June 2019 from approximately RMB1,402.0 million for the corresponding period in 2018.

### **Fair value gain on investment properties**

The fair value gain on the Group's investment properties was approximately RMB390.3 million for the six months ended 30 June 2019 (six months ended 30 June 2018: RMB134.8 million), which was in line with the prevailing market conditions of general increase in rental level of comparable properties.

### **Finance costs – net**

The Group's net finance costs decreased by approximately RMB270.3 million, or 43.3% to approximately RMB353.6 million for the six months ended 30 June 2019 from approximately RMB624.0 million for the corresponding period in 2018. The decrease was mainly due to the decrease in net exchange losses to RMB111.4 million from RMB419.2 million for the corresponding period in 2018. The net exchange loss/gain mainly arised from the U.S. dollar denominated offshore financing as a result of the depreciation/appreciation of Renminbi against the U.S. dollar.

### **Income tax expenses**

The Group's income tax expenses increased by approximately RMB174.5 million, or approximately 7.5%, to approximately RMB2,515.0 million for the six months ended 30 June 2019 from approximately RMB2,340.5 million for the corresponding period in 2018.

### **Profit and total comprehensive income for the six months ended 30 June 2019**

As a result of the foregoing, the Group's profit and total comprehensive income for the six months ended 30 June 2019 amounted to approximately RMB2,777.1 million and approximately RMB2,745.4 million, respectively (six months ended 30 June 2018: profit and total comprehensive income amounted to approximately RMB2,232.1 million and RMB2,245.6 million, respectively).

### **Liquidity, financial and capital resources**

#### *Cash position*

As at 30 June 2019, the carrying amount of the Group's cash and bank deposits was approximately RMB29,979.8 million (31 December 2018: RMB22,924.1 million), representing an increase of 30.8% as compared to that as at 31 December 2018. Certain property development companies of the Group placed a certain amount of pre-sales proceeds to designated bank accounts as collateral for the construction loans. Such collateral will be released after the completion of the pre-sales properties or the issuance of the title of the properties, whichever is the earlier. Additionally, as at 30 June 2019, certain of the Group's cash was deposited in certain banks as collateral for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The aggregate of the above collaterals amounted to approximately RMB6,988.3 million as at 30 June 2019 (31 December 2018: RMB6,792.3 million).



*Senior notes*

During the six months ended 30 June 2019, the Group issued 11.75% senior notes due 2021 with a principal amount of US\$400.0 million, 11.25% senior notes due 2022 with a principal amount of US\$350.0 million and 11.5% senior notes due 2023 with a principal amount of US\$400.0 million in February 2019, April 2019 and May 2019 respectively. In May 2019, the Group made on-market repurchase of 7.25% senior notes due 2020 with a principal amount of US\$250.0 million. The repurchased notes was cancelled accordingly. As of 30 June 2019, the senior notes included:

	6.1% senior notes due 2019 HK\$'000	12.0% senior notes due 2019 USD'000	7.25% senior notes due 2020 USD'000	7.875% senior notes due 2021 USD'000	11.75% senior notes due 2021 USD'000	8.5% senior notes due 2022 USD'000	11.25% senior notes due 2022 USD'000	11.5% senior notes due 2023 USD'000	9.375% senior notes due 2024 USD'000
At 1 January 2019	1,162,000	300,000	790,000	575,000	-	1,147,000	-	-	3,051,500
New Issuance	-	-	-	-	400,000	-	350,000	400,000	-
Cancellation	-	-	(250,000)	-	-	-	-	-	-
As 30 June 2019	1,162,000	300,000	540,000	575,000	400,000	1,147,000	350,000	400,000	3,051,500

*Convertible bonds*

During the six months ended 30 June 2019, the Group issued convertible bonds in an aggregate principal amount of US\$100 million (equivalent to approximately HK\$783 million) (the "Convertible Bonds"). The Convertible Bonds may be converted into conversion shares pursuant to the terms and conditions of the Convertible Bonds. Based on the initial conversion price of HK\$5.00 per share and assuming full conversion of the Convertible Bonds at the initial conversion price, the Convertible Bonds will be convertible into 156,600,000 new shares.

*Borrowings and charges on the Group's assets*

As at 30 June 2019, the Group had aggregate borrowings of approximately RMB115,538.2 million, of which approximately RMB22,446.5 million will be repayable within 1 year, approximately RMB39,866.5 million will be repayable between 1 and 2 years, approximately RMB49,561.6 million will be repayable between 2 and 5 years and approximately RMB3,663.6 million will be repayable over 5 years.

As at 30 June 2019, the senior notes were secured by the share pledge of the Company's subsidiaries incorporated outside the PRC, and are jointly and severally guaranteed by certain subsidiaries of the Company. The Group's domestic bank loans carried a floating interest rate linking up with the base lending rate of the People's Bank of China. The Group's interest rate risk is mainly from the floating interest rate of domestic bank loans.

*Key financial ratios*

As at 30 June 2019, the Group has a leverage ratio (i.e. its net debts (total borrowings, net of cash and bank balances, short-term bank deposits, long-term bank deposits and restricted cash) over total assets) of 33.0% (31 December 2018: 37.5%). The Group's net current assets decreased by 1.8% from approximately RMB66,703.1 million as at 31 December 2018 to approximately RMB65,530.4 million as at 30 June 2019. The quick ratio remain stable at 1.3 times as at 31 December 2018 and as at 30 June 2019 while the current ratio decreased to 1.6 times as at 30 June 2019 from 1.7 times as at 31 December 2018.

*Cost of borrowings*

For the six months ended 30 June 2019, the Group's total cost of borrowings (including net exchange losses) was RMB5,050.1 million, representing an increase of approximately RMB271.6 million or 5.7% as compared to the corresponding period in 2018. The increase was primarily attributable to the increase in the interest expense of senior note recorded in the current period.

*Foreign currency risks*

The Group's property development projects are all located in China and most of the related transactions are settled in RMB. The Company and certain of the Group's intermediate holding companies which operate in Hong Kong have recognised assets and liabilities in currencies other than RMB. As at 30 June 2019, the Group had senior notes in US dollar and HK dollar with an aggregate carrying amount of RMB45,334.1 million and RMB1,023.2 million respectively, which are subject to foreign currency exposure.

The Group does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

*Financial guarantees*

As at 30 June 2019, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to its customers amounting to approximately RMB33,077.1 million (31 December 2018: RMB30,587.4 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by a purchaser, the Group would be responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchaser to the bank, but the Group would be entitled to assume legal title to and possession of the related property. These guarantees will be released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgage property and the completion of the deregistration of the mortgage.

*Employees and remuneration policy*

As at 30 June 2019, the Group had approximately 14,900 employees (31 December 2018: approximately 14,200 employees). The related employees' costs (including the directors' remuneration), for the six months ended 30 June 2019 amounted to approximately RMB852.4 million. The remuneration of employees was based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. In addition to basic salaries, employees may be offered with discretionary bonus and cash awards based on individual performance. The Group provides trainings for its employees so that new employees can master the basic skills required to perform their functions and existing employees can upgrade or improve their production skills. Further, the Company adopted a share option scheme on 22 November 2009 (the "Existing Share Option Scheme"). The Existing Share Option Scheme will expire on 22 November 2019. At the annual general meeting of the Company held on 14 June 2019, the shareholders approved the termination of the Existing Share Option Scheme and the adoption of a new share option scheme (the "New Share Option Scheme"). The Existing Share Option Scheme was terminated on 14 June 2019 and the New Share Option Scheme took effect on the same day.

# PROJECT PORTFOLIO

AS AT 30 JUNE 2019

No.	Projects	Address	Location	Type <sup>(1)</sup>
<b>The Pearl River Delta</b>				
1	Shenzhen Woodland Height	Junction of Shenhui Road and Lilang Road, Buji Town, Longgang District	Shenzhen	Residential
2	Shenzhen Mocha Town	Busha Road, Longgang District	Shenzhen	Residential
3	Shenzhen Kaisa Center <sup>(2)</sup>	East of Shangbu Nan Road and North of Nanyuan Road, Futian District	Shenzhen	Residential
4	Shenzhen Lake View Place	Junction of Xincheng Road and Pingxi Road, Longgang District	Shenzhen	Residential
5	Shenzhen Xiangrui Garden	North of Beihuan Highway, Nanashan District	Shenzhen	Residential
6	Shenzhen Mingcui Garden	Ping'an Avenue, Liang'antian Community, Pinghu Street, Longgang District	Shenzhen	Residential
7	Shenzhen Jincui Garden	Cuizhu Road, Luohu District	Shenzhen	Residential
8	Shenzhen Shangpin Garden	Bantian Community, Bantian Street, Longgang District	Shenzhen	Residential
9	Shenzhen Kaisa Financial Center	Shennan Avenue, Futian District	Shenzhen	Commercial
10	Shenzhen Metro City <sup>(2)</sup>	Buji Station, Shenhui Road, Nanmendun, Buji Town, Longgang District	Shenzhen	Residential
11	Shenzhen Kaisa City Plaza	Banxuegang Avenue, Longgang District	Shenzhen	Residential
12	Shenzhen Kaisa Metropolitan Homeland <sup>(2)</sup>	Mumianwan Station, Longgang Avenue, Buji, Longgang District	Shenzhen	Residential
13	Shenzhen Dapeng Kaisa Peninsula Resort	Yingbin Avenue, Dapeng District	Shenzhen	Commercial
14	Shenzhen Kaisa Yuefeng Garden	Bulong Road, Bantian, Longgang District	Shenzhen	Residential
15	Shenzhen Yantian City Plaza	Mingzhu Avenue, Yantian District	Shenzhen	Residential
16	Shenzhen Kaisa Golden Bay International Park	Xiasha Community, Dapeng Street, Dapeng New District	Shenzhen	Commercial
17	Shenzhen Marriott Hotel Golden Bay	No.8 Jinsha Road, Xiasha Community, Dapeng New District	Shenzhen	Commercial
18	Shenzhen Kaisa Qianhai Plaza	Junction of Yueliangwan Avenue and Mianshan Road, Nanshan District	Shenzhen	Residential
19	Shenzhen Pinghu Kaisa Plaza <sup>(3)</sup>	Junction of Shouzhen Street and Pinghu Avenue, Pinghu Street, Longgang District	Shenzhen	Residential
20	Shenzhen Kaisa Future City	Junction of Ruyi Road and Dayun Road, Longcheng Street, Longgang District	Shenzhen	Residential
21	Shenzhen Nan'ao Project	Shuitousha Beach, Nan'ao Street, Dapeng District	Shenzhen	Commercial
22	Shenzhen Dongmendao Project <sup>(2)</sup>	Dongmen Street, Luohu District	Shenzhen	Commercial & Residential
23	Shenzhen Kaisa E Cube	Huanguan Nan Road and Guantian Road, Guanlan Street, Longhua District	Shenzhen	Commercial & Residential
24	Shenzhen Inno Park	West Wing of High-tech Industrial Park, Guangming District	Shenzhen	Industrial
25	Shenzhen Nam Tai Inno City	East of Nantai Road, Xixiang Street, Bao'an District	Shenzhen	Industrial
26	Shenzhen Nam Tai Inno Valley	East of Nantai Road, Xixiang Street, Bao'an District	Shenzhen	Industrial
27	Shenzhen Futian Border Project	Intersection of Honghua Road and Xiangzhang Road, Futian District	Shenzhen	Residential
28	Guangzhou Kaisa Plaza <sup>(2)</sup>	No.191 Tiyu West Road, Tianhe District	Guangzhou	Commercial
29	Guangzhou Monarch Residence	No.99 Jiangnan Avenue Central, Haizhu District	Guangzhou	Residential

No.	Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
				Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
<b>The Pearl River Delta</b>							
1	1-8	160,514	580,135	580,135	–	–	100%
2	1-7	185,724	735,299	735,299	–	–	100%
3	–	5,966	98,241	98,241	–	–	100%
4	1-5	182,064	388,626	388,626	–	–	100%
5	–	57,984	143,796	143,796	–	–	100%
6	1-4	102,439	394,663	394,663	–	–	100%
7	–	9,066	105,830	105,830	–	–	100%
8	–	45,829	231,572	231,572	–	–	100%
9	1	14,411	142,000	–	142,000	–	100%
10	1-4	5,241	124,479	124,479	–	–	100%
11	1-4	179,642	1,084,854	825,271	259,583	–	100%
12	1-4	19,393	138,892	138,892	–	–	100%
13	1-2	48,256	186,466	186,466	–	–	100%
14	1-2	47,890	165,455	165,455	–	–	100%
15	1-3	170,311	694,042	100,211	411,915	181,916	100%
16	1-4	869,838	516,400	–	333,910	182,490	51%
17	1	34,449	77,834	77,834	–	–	100%
18	1-2	49,582	295,749	295,749	–	–	51%
19	1-2	118,488	475,000	–	333,500	141,500	100%
20	1-2	48,773	279,003	122,024	128,548	28,431	80%
21	1	25,966	51,930	–	–	51,930	50%
22	1	5,992	50,556	–	–	50,556	72%
23	1	34,129	160,970	–	160,970	–	100%
24	1	103,739	269,159	–	269,159	–	24%
25	1	22,364	194,595	–	–	194,595	24%
26	1	22,367	170,200	–	–	170,200	24%
27	1	9,467	42,600	–	–	42,600	70%
28	1-9	14,192	233,322	233,322	–	–	100%
29	–	7,707	56,666	56,666	–	–	100%



Project Portfolio (continued)

No.	Projects	Address	Location	Type <sup>(1)</sup>
30	Guangzhou Kaisa Mansion No.1	No.505 Huangpu Avenue, Financial Center, Tianhe District	Guangzhou	Residential
31	Guangzhou Sky Villa	Tongbao Road, Guangzhou Avenue North, Baiyun District	Guangzhou	Residential
32	Guangzhou Sky Mansion	Lot No.20, Meihua Garden, Shatai Road, Baiyun District	Guangzhou	Residential
33	Guangzhou Kaisa City Plaza	Lot No.49, Nangang, Yunpu Industrial Zone, Huangpu District	Guangzhou	Residential
34	Guangzhou Kaisa Future City	No.3889 Huangpu Avenue East, Huangpu District	Guangzhou	Commercial
35	Guangzhou Nantian Project	East of Beihao Chong, North West to the Luoxi Bridge, Haizhu District	Guangzhou	Commercial
36	Guangzhou Kaisa Sky Bright	No.151 Xiaogang Road, Haizhu District	Guangzhou	Residential
37	Guangzhou Kaisa Sky Pride	No.71 Beizhan Road, Yuexiu District	Guangzhou	Residential
38	Guangzhou Xiaoping Village Project	West of Baiyun New Town, South of Huangshi W Road, and East of Shicha Road, Baiyun District	Guangzhou	Residential
39	Guangzhou Kaisa Yuejiang Mansion	Lingshan Island, MingZhu District, Nansha	Guangzhou	Residential
40	Qingyuan Kaisa Northern City Plaza	South GuangQing Road, Longtang Town, Qingcheng District	Qingyuan	Residential
41	Foshan Shunde Kaisa Mocha Town	Lot No.1, South of the Central District, Xingtang Town, Shunde District	Foshan	Residential
42	Foshan Shunde Kaisa Shangpin Garden	Linshang North Road, Beijiao New Town, Shunde District	Foshan	Residential
43	Foshan Shunde Kaisa Golden World	West of Waihuan Road, Ronggui Town, Shunde District	Foshan	Residential
44	Foshan Kaisa Metro City	No.169 Guangfo Road, Huangqi Town, Nanhai District	Foshan	Commercial
45	Foshan Kaisa E Cube	No. 97 Yanbu Huanzhen North road, Dali Town, Nanhai District	Foshan	Commercial
46	Foshan Lishui Project <sup>(3)</sup>	Junction of Liguang road and Foshan First Ring road, Lishui Town, Nanhai District	Foshan	Commercial
47	Foshan Kaisa Yuefeng	Shiwan road, South of Kuiqi West Road, West of Zhenzhong Road, Chancheng District	Foshan	Residential
48	Dongguan Zhongyang Haomen	Longsheng Road, Xincheng District, Shilong Town	Dongguan	Residential
49	Dongguan Dongjiang Haomen	South of Dongjiang Road, Yangwu Village and Qishi Village, Qishi Town	Dongguan	Residential
50	Dongguan Shui'an Haomen	Fenggang Town, Fengshen Avenue	Dongguan	Residential
51	Dongguan Dijingwan	Jinshawan Square, Xincheng District, Shilong Town	Dongguan	Residential
52	Dongguan Le Grand Bleu	Xinwei Village Group, Qisha Village, Shatian Town	Dongguan	Residential
53	Dongguan Oasis Town	Xiping Community, Junction of Huancheng Road and Green Road, Nancheng District	Dongguan	Residential
54	Dongguan Yulongshan Garden	Jinzhou Community, Humen Town	Dongguan	Residential
55	Dongguan Shilong Project <sup>(3)</sup>	Junction of Jiangnan Middle Road and Xihu No.1 road, Xihu District, Shilong Town	Dongguan	Residential
56	Dongguan Riverside Woods Palace <sup>(3)</sup>	Junction of Dongshen Road and Bihu Avenue, Fenggang Town	Dongguan	Residential
57	Dongguan Riverside Hillview Palace <sup>(3)</sup>	Junction of Dongshen Road and Bihu Avenue, Fenggang Town	Dongguan	Residential
58	Dongguan Kaisa Glamourous Riverscape	Dougu, Zhongtang Tower	Dongguan	Residential
59	Huizhou Kaisa Mansion No.1	Gutang'ao Miaozaikeng	Huizhou	Residential
60	Huizhou Kaisa Center	No.18 Subdistrict, Jiangbei, Huicheng District	Huizhou	Commercial
61	Huizhou Yuanzhou Project <sup>(4)</sup>	Tanjiao Section, Liangwu Gaotou Village, Yuanzhou Town, Buluo County	Huizhou	Residential

No.	Project Phase	Site Area [sq. m.]	Total GFA [sq. m.]	Total GFA			Interest attributable to us
				Completed Properties [sq. m.]	Under Development [sq. m.]	Future Development [sq. m.]	
30	1	15,178	86,138	–	86,138	–	59%
31	1-2	65,627	230,577	230,577	–	–	49%
32	–	19,671	80,854	80,854	–	–	49%
33	1-4	190,742	776,318	622,770	153,548	–	95%
34	1-3	321,261	547,995	370,358	–	177,637	49%
35	1-3	78,644	315,343	–	–	315,343	70%
36	1	3,038	16,182	–	–	16,182	100%
37	1	7,759	29,383	–	–	29,383	100%
38	3	179,000	507,650	–	–	507,650	55%
39	1-2	47,626	94,960	–	–	94,960	100%
40	1-5	343,749	1,183,327	–	–	1,183,327	100%
41	1-5	71,200	234,422	234,422	–	–	100%
42	1-4	32,819	98,021	98,021	–	–	100%
43	1-9	197,584	645,921	643,202	–	2,719	49%
44	–	14,406	101,398	–	–	101,398	49%
45	–	15,271	61,082	–	61,082	–	100%
46	–	13,828	55,313	–	–	55,313	35%
47	–	31,017	94,960	–	–	94,960	100%
48	–	82,742	377,481	377,481	–	–	100%
49	1	86,324	243,296	243,296	–	–	100%
50	1	70,734	200,386	200,386	–	–	80%
51	1-2	46,474	155,432	155,432	–	–	100%
52	1-4	239,050	717,084	360,281	356,803	–	100%
53	1-4	65,021	150,772	150,772	–	–	100%
54	1-2	33,910	109,180	109,180	–	–	100%
55	–	5,567	10,131	–	–	10,131	100%
56	–	62,802	155,693	–	–	155,693	85%
57	–	64,743	202,294	–	–	202,294	90%
58	–	38,096	95,239	–	–	95,239	51%
59	1-10	89,998	260,577	260,577	–	–	100%
60	1-3	70,859	722,945	722,945	–	–	100%
61	–	20,400	61,200	–	–	61,200	100%

Project Portfolio (continued)

No.	Projects	Address	Location	Type <sup>(1)</sup>
62	Huizhou Riverbank New Town	Cui Mei countryside Committee, Hengkeng, Luoyang Town, Boluo County	Huizhou	Residential
63	Huizhou Kaisa Mountain Bay	Huangbujiao, Lianfeng Village, Renshan Town, Huidong County	Huizhou	Residential
64	Huizhou Kaisa Times Mocha Town	Junction of Zhongkai Avenue and Jinbang Road, Huicheng District	Huizhou	Residential
65	Huizhou Kaisa Dong River Garden	Jiangnanxincheng, Luoyang Town, Boluo County	Huizhou	Residential
66	Huizhou Longmen Longquan Dajing <sup>(3)</sup>	Laiwu Village, Longtian Town, Longmen County	Huizhou	Residential
67	Huizhou Kaisa Monarch Residence <sup>(3)</sup>	Junction of Huifeng West second Road Hechang West Fifth Road, Huicheng District	Huizhou	Residential
68	Zhuhai Lake View Waldorf Garden <sup>(3)</sup>	Shangsha Street, Wanzai, Xiangzhou District	Zhuhai	Residential
69	Zhuhai Golden World	Huangyang North Avenue, Wangbao Reservoir, Jintai Temple, Doumen Town, Doumen District	Zhuhai	Residential
70	Zhuhai Kaisa Monarch Residence	North of Zhufeng Avenue, Qianwu Town, Doumen District	Zhuhai	Residential
71	Zhuhai Kaisa Yuefeng Garden	East of Xiewei village and South of Golden coast road, Sanzao Town, Jinwan District	Zhuhai	Residential
72	Zhongshan Kaisa Xiangshan Royal Palace	No.3 Jinzhong Road, Jinzhong Village, Banfu Town	Zhongshan	Residential
73	Zhongshan Kaisa Shangpin Garden	No.1 Nanhu Road, Nanlang Town	Zhongshan	Residential
74	Zhongshan Kaisa Metro City	Junction of Xingbao Road and Yunsheng Road, Shaxi Town	Zhongshan	Residential
75	Zhongshan Kaisa Fortune Garden <sup>(3)</sup>	No. 68 Guangfu Avenue, Dongsheng Town	Zhongshan	Residential
76	Yangjiang Riverside No. 1	Next to Longtang Road, Yangdong District	Yangjiang	Residential
<b>The West China Region</b>				
77	Chengdu Kaisa Monarch Residence	Erjiangsi Village, Huayang Town, Shuangliu County	Chengdu	Residential
78	Chengdu Lijing Harbour	Group 1 and 2, Huafeng Village, Yongquan Street, Wenjiang District	Chengdu	Residential
79	Chengdu Modern Town	Yingchunqiao, Dongsheng Sub-district Office, Shuangliu County	Chengdu	Commercial
80	Chengdu Kaisa Mansion No.8	South Sanzhiq Area, Dongsheng Street, Shuangliu County	Chengdu	Residential
81	Chengdu Kaisa City Plaza	Group 1 and 2, Machang Village, Wenjia Street Office, Qingyang District	Chengdu	Residential
82	Chengdu Kaisa Leading Town	Group 6 and 7, Taiji Community, Gongping Street Office, Wenjiang District	Chengdu	Residential
83	Chengdu Kaisa Yuefu	Junction of Fengxiang Avenue and Fenghuang Avenue, Qingbaijiang District	Chengdu	Residential
84	Chengdu Kaisa Imperial Jade	No. 977, South of the Fengxi Avenue, Wenjiang District	Chengdu	Residential
85	Chengdu Kaisa Tianyue Mansion	No. 64 Jinxing Road, Jinjiang District	Chengdu	Commercial & Residential
86	Pengzhou Kaisa Golden Metro	West of Chengde Avenue (Beixin Avenue), Mengyang Town	Pengzhou	Residential
87	Nanchong Kaisa Plaza	No.39 Zhengyang East Road, Shunqing District	Nanchong	Residential
88	Nanchong Monarch Residence	No.308 Baituba Road Shunqing District	Nanchong	Residential
89	Chongqing Kaisa Plaza	Longzhouwan Street, Banan District	Chongqing	Residential
90	Chongqing Kaisa Bright Harbour	Baqiao Town, Dadukou District	Chongqing	Residential
91	Chongqing Shaba Jingkou Project	Ertang Village, Jingkou Street, Jingkou Town, Shapingba District	Chongqing	Residential

No.	Project Phase	Site Area [sq. m.]	Total GFA [sq. m.]	Total GFA			Interest attributable to us
				Completed Properties [sq. m.]	Under Development [sq. m.]	Future Development [sq. m.]	
62	1-13	1,663,969	4,326,239	1,251,805	1,202,739	1,871,695	100%
63	1-3	169,331	361,653	–	120,147	241,506	100%
64	1-5	281,066	641,781	–	458,323	183,458	51%
65	1-4	176,724	441,810	–	196,332	245,478	100%
66	1-4	386,891	630,000	–	285,982	344,018	70%
67	1	33,400	104,640	–	71,043	33,597	100%
68	1-4	164,354	550,431	416,799	78,162	55,470	100%
69	1-4	192,710	316,037	166,728	149,309	–	100%
70	–	16,088	28,958	–	28,958	–	100%
71	1	21,970	73,816	–	73,816	–	100%
72	1	21,061	69,794	–	69,794	–	100%
73	1	22,307	82,397	–	82,397	–	50%
74	1-2	61,873	211,608	–	211,608	–	80%
75	1-2	51,340	128,347	–	–	128,347	100%
76	1-2	78,452	159,025	–	118,910	40,115	100%
<b>The West China Region</b>							
77	1-3	182,666	1,041,531	1,041,531	–	–	100%
78	1	150,071	761,542	761,542	–	–	100%
79	1-2	133,269	362,420	362,420	–	–	100%
80	1-5	120,570	610,744	342,647	268,097	–	100%
81	1-4	112,194	460,901	460,901	–	–	100%
82	1-2	57,836	342,533	342,533	–	–	100%
83	1-2	113,411	447,537	–	447,537	–	100%
84	1	34,088	68,175	–	68,175	–	51%
85	1	3,286	26,290	–	26,290	–	100%
86	1-4	104,964	278,191	–	128,977	149,214	100%
87	1-2	29,541	116,634	116,634	–	–	100%
88	1-3	256,187	813,746	813,746	–	–	100%
89	1-3	119,767	481,362	369,035	112,327	–	100%
90	1-10	324,327	989,399	461,390	528,009	–	100%
91	1	56,778	141,945	–	–	141,945	50%

Project Portfolio (continued)

No.	Projects	Address	Location	Type <sup>(1)</sup>
92	Chongqing Kaisa Zhuanshan Fortune Garden	North end of Changjiang River Bridge, Jiangjin Distric	Chongqing	Residential
93	Chongqing Riverside Seasons	Ganghua Road Middle East, DaDuKou District	Chongqing	Residential
<b>The Pan-Bohai Bay Rim</b>				
94	Shenyang Kaisa Center	East of Qingnian Avenue, Shenhe District	Shenyang	Commercial
95	Shenyang Kaisa Yuefeng	Changbai South Road, Heping District	Shenyang	Residential
96	Yingkou Dragon Bay	Junction of Xinxin Road and Bohai Street, Laobian District	Yingkou	Residential
97	Yingkou Monarch Residence	West of Xuefu Road, East of Shifu Road, South of New Donghai Street, Laobian District	Yingkou	Residential
98	Anshan Monarch Residence	South of Ziyou Dong Road, East of Anqian Road, Lishan District	Anshan	Residential
99	Anshan Kaisa Plaza <sup>(2)</sup>	Renmin Road, Tiexi District	Anshan	Commercial
100	Benxi Lake View Place	Binhe North Road, Mingshan District	Benxi	Residential
101	Huludao Suizhong Kaisa Dongdaihe <sup>(3)</sup>	South of Binhai Road, Dongdaihe New district, Suizhong County	Huludao	Residential
102	Weifang Kaisa Golden World	North of Bailanghe Reservoir Dam, South of Weijiao Road	Weifang	Residential
103	Qingdao Lake View Place	East of Zhongjianger Road, West of Wangsha Road and South of Baishahe, Xiazhuang Street. Chengyang District	Qingdao	Residential
104	Dandong Kaisa Mansion No.1	South of Huanghai Avenue, Zhenxing District	Dandong	Residential
105	Liaoyang Hot Spring Resort Project	Tanghe Town, Gongchangling District	Liaoyang	Residential
106	Dalian Kaisa Center	Donggang Business District, Zhongshan District	Dalian	Commercial
107	Dalian Kaisa Plaza	No.271 Tianjin Street, Zhongshan District	Dalian	Commercial
108	Dalian Kaisa Mansion No. 1	Junction of Zhonggang North Road and Hugang Road, Dalian Free Trade Zone	Dalian	Commercial & Residential
109	Dalian Kaisa Yuejing	The East of Shengli Road, JinPu New District	Dalian	Residential
110	Bazhou Kaisa Peacock City Yuefeng	West of Rose Garden Hot Spring Resort, Development District, Bazhou County	Bazhou	Residential
111	Gu'an Kaisa Fengyuan Tianci Project	Near Niutuo Hot Spring Peacock City, Niutuo Town, Gu'an County	Gu'an	Residential
<b>The Central China Region</b>				
112	Changsha Lake View Place	Jinping Village, Tiaoma County	Changsha	Residential
113	Changsha Kaisa Times Square	Yingpan East Road, Furong District	Changsha	Residential
114	Changsha Kaisa Plaza	Wuyi Road, Furong District	Changsha	Commercial
115	Changsha Meixi Lake Project	Meixi Lake, Yuelu District	Changsha	Residential
116	Changsha Gaotie New Town Project	Juction of Huahou road and Xiangzhang Road, Gaotie New Town, Yuhua District	Changsha	Commercial
117	Zhuzhou Golden World	Liyu Central Business District, Tianyuan District	Zhuzhou	Residential
118	Hengyang Kaisa Yuefeng	North of Chuanshan West Road, South of Lixin Avenue, West of Cailun Avenue	Hengyang	Residential
119	Wuhan Golden World	Junction of Baisha Road and Qingling East Road, Qingling County, Hongshan District	Wuhan	Residential
120	Wuhan Kaisa Mansion No.1	North of Zhiyin Avenue, West of Yangcheng West Road, Hangyang District	Wuhan	Residential
121	Wuhan Kaisa Plaza	No.336 Wuluo Road, Wuchang District	Wuhan	Residential



No.	Project Phase	Site Area [sq. m.]	Total GFA [sq. m.]	Total GFA			Interest attributable to us
				Completed Properties [sq. m.]	Under Development [sq. m.]	Future Development [sq. m.]	
92	1-3	77,543	225,097	–	–	225,097	100%
93	1	41,724	104,311	–	–	104,311	100%
<b>The Pan-Bohai Bay Rim</b>							
94	1	21,423	292,331	292,331	–	–	100%
95	1-2	12,947	38,844	–	38,844	–	100%
96	1-2	220,669	607,354	347,443	259,911	–	100%
97	1-2	71,922	233,745	233,745	–	–	100%
98	1-4	129,242	240,688	61,994	83,706	94,988	100%
99	1-2	11,238	85,148	85,148	–	–	100%
100	1	122,200	324,480	324,480	–	–	100%
101	1-13	1,647,042	2,976,942	566,091	1,159,052	1,251,799	100%
102	1-2	128,018	131,112	–	131,112	–	100%
103	1-3	229,865	381,418	258,314	123,104	–	100%
104	1-4	133,340	331,542	214,261	117,281	–	100%
105	1-10	372,427	259,713	–	108,570	151,143	100%
106	1-2	26,610	156,239	84,120	72,119	–	100%
107	–	15,955	78,454	78,454	–	–	100%
108	1	41,150	104,392	–	104,392	–	100%
109	1	24,334	85,169	–	85,169	–	100%
110	1	36,576	54,859	–	54,859	–	51%
111	1	32,484	48,726	–	48,726	–	49%
<b>The Central China Region</b>							
112	1-4	673,536	938,203	938,203	–	–	100%
113	–	21,770	108,731	108,731	–	–	50%
114	1	14,324	221,603	–	221,603	–	100%
115	1-6	253,693	892,604	672,151	220,453	–	100%
116	1-2	50,161	283,789	–	–	283,789	60%
117	1-3	222,182	597,728	597,728	–	–	100%
118	1	50,054	160,648	–	160,648	–	51%
119	1-3	181,493	605,941	605,941	–	–	100%
120	–	40,351	156,763	156,763	–	–	100%
121	1	26,861	142,355	–	142,355	–	100%

Project Portfolio (continued)

No.	Projects	Address	Location	Type <sup>(1)</sup>
122	Wuhan Kaisa Yuefu	North of Jinbei no.1 Road and East of Wuxinganxian, Jinghe Street, Dongxi Lake District	Wuhan	Residential
123	Wuhan Kaisa Bright Harbour	South of Shefa Shan Road, East of the 2nd Chuanjiang Road, Economic Development Area	Wuhan	Residential
124	Ezhou Zhongliang Kaisa The One Mansion	West of Yingbin Avenue, Ezhou District	Ezhou	Residential
125	Xiaogan Kaisa Airport Science and Technology City	Linkong Economic Development Area	Xiaogan	Industrial
126	Xinzheng Kaisa Yuefeng	West of Wenhua Road and South of Zhongxing Road	Xinzheng	Residential
127	Xinxiang Kaisa Yuefeng	West of Hongyuan Street and North of Guihua road, Hongqi District	Xinxiang	Residential
<b>The Yangtze River Delta</b>				
128	Jiangyin Lake View Place	South of Xinhua Road, West of Dongwaihuan Road, and North of Renmin East Road	Jiangyin	Residential
129	Jiangyin Gushan Mocha Town	South of Golden Gushan Garden and West of Xingfu Avenue, Gushan Town	Jiangyin	Residential
130	Jiangyin Kaisa Plaza	No.1091 Renmin East Road	Jiangyin	Residential
131	Jiangyin Zhouzhuang Golden World	East of Zhouxi Dong Road, Zhouzhuang Town	Jiangyin	Residential
132	Jiangyin Changjing Lake View Waldorf	East of Xinglong Road and South of Dongshun Road, Changjing Town	Jiangyin	Residential
133	Jiangyin Tonghui Garden	North of Tonghui Road, West of Tongjiang Road, and South of Tongfu Road	Jiangyin	Residential
134	Jiangyin Fuqiao Homeland	North of Chengxi Road, West of Tongdu Road, and South of Binjiang Road	Jiangyin	Residential
135	Changzhou Phoenix Lake No.1	South of Qingyang Road, Xuejia Town, Xinbei District	Changzhou	Residential
136	Taizhou Kaisa Mansion No.1	North of Chenzhuang Road and West of No.11 Road, Taizhou Economic Development Area	Taizhou	Residential
137	Shanghai Shanhuwan Garden	No.4333 Alley, Haima Road, Haiwan Town, Fengxian District	Shanghai	Residential
138	Shanghai Shangpin Garden	Kangfeng North Road and Kangnian Road, Malu Town, Jiading District	Shanghai	Residential
139	Shanghai Kaisa Mansion No.8	No.99 Alley, Juting Road, Zhuanghang Town, Fengxian District	Shanghai	Residential
140	Shanghai Kaisa City Plaza	Junction of Shengzhu East Road and Chengliu Road, Xuhang Town, Jiading District	Shanghai	Residential
141	Shanghai Kaisa Mansion	Junction of Minsheng Road and Middle Yanggao Road, Pudong District	Shanghai	Commercial
142	Shanghai Kaisa Monarch Residence	Junction of Songjian Road and Fumao Road, Chonggu Town, Qingpu District	Shanghai	Residential
143	Shanghai Kaisa City Garden	East of Qiyuan Road, West of Xiaoxin River, South of Shupindong Road and North of Xinjian No.1 Road, Xuhang Town, Jiading District	Shanghai	Residential
144	Shanghai Shangpin Jiayuan	East of Qiyuan Road, West of Xiaoxin River, South of Shupindong Road and North of Xinjian No.1 Road, Xuhang Town, Jiading District	Shanghai	Residential
145	Shanghai Xuhang Town Project	Xuhang County, Jiading District	Shanghai	Residential
146	Taicang Lake View Waldorf	No.1 Jinan Road, Science-Education New Town	Taicang	Residential
147	Hangzhou Jade Dragon Court	North of Zhennan Road, Zhijiang National Holiday Resort, West Lake District	Hangzhou	Residential

No.	Project Phase	Site Area [sq. m.]	Total GFA [sq. m.]	Total GFA			Interest attributable to us
				Completed Properties [sq. m.]	Under Development [sq. m.]	Future Development [sq. m.]	
122	1-2	128,539	352,480	–	352,480	–	50%
123	1	56,901	142,252	–	–	142,252	100%
124	1	103,176	281,669	–	281,669	–	35%
125	5	218,814	262,577	–	–	262,577	70%
126	1-2	69,499	156,620	–	156,620	–	100%
127	1	23,165	85,686	–	85,686	–	51%
<b>The Yangtze River Delta</b>							
128	1-3	225,533	272,274	272,274	–	–	100%
129	1-4	76,465	132,849	132,849	–	–	100%
130	1-3	158,240	553,177	553,177	–	–	100%
131	1-2	103,589	182,656	112,889	–	69,767	100%
132	1-2	93,275	149,763	149,763	–	–	100%
133	–	41,440	73,615	73,615	–	–	100%
134	–	35,801	134,535	134,535	–	–	100%
135	1-2	101,819	253,356	253,356	–	–	100%
136	1-7	192,505	322,836	75,193	247,643	–	51%
137	1-4	104,796	140,151	140,151	–	–	100%
138	–	23,307	84,448	84,448	–	–	100%
139	1-2	143,053	240,499	116,474	124,025	–	100%
140	1-3	117,256	331,724	331,724	–	–	100%
141	1	11,088	77,811	–	77,811	–	100%
142	1-2	90,642	212,240	212,240	–	–	100%
143	1	23,638	55,429	–	55,429	–	75%
144	1	44,590	80,262	–	80,262	–	75%
145	1-4	126,923	213,515	–	–	213,515	90%
146	1-3	87,741	201,346	201,346	–	–	100%
147	–	39,376	98,041	98,041	–	–	100%

Project Portfolio (continued)

No.	Projects	Address	Location	Type <sup>(1)</sup>
148	Hangzhou Kaisa Monarch Residence	North of Shitang Road and West of Donghu Road, Qiaosi Street, Yuhang District	Hangzhou	Residential
149	Hangzhou Puyu Court	Jingfeng Community, Wuchang Street, Yuhang District	Hangzhou	Residential
150	Hangzhou Fuyang Yinhu Project	Dashanjiao Village, Yinhu Street, Fuyang District	Hangzhou	Residential
151	Hangzhou Kaisa Yunfeng	Xianlin Street, Yuhang District	Hangzhou	Residential
152	Shaoxing Kaisa Guoyue Mansion	Lanting Street, Keqiao District	Shaoxing	Residential
153	Shaoxing Kaisa Monarch Residence	Fuquan Street, Keqiao District	Shaoxing	Residential
154	Suzhou Kaisa Plaza	West of Tayuan Road and South of Zhuyuan Road, Shishan Street, High-tech District	Suzhou	Residential
155	Suzhou Kaisa Monarch Residence	South of Xingye Road and East of Sudai Road, Huangqiao Street, Xiangcheng District	Suzhou	Residential
156	Suzhou Kaisa Guoyue Mansion	West of Xinhua Road, South of Xiangyang Nan Road, Mushu Tower, Wuzhong District	Suzhou	Residential
157	Suzhou Kaisa Yufeng	South of Pangshan Road and West of Huxin Road, Wujiang District	Suzhou	Residential
158	Zhangjiagang Fengming Riverside	Southwest Corner of the Junction of Yingshan Road and Jingu Road, Phoenix Town	Zhangjiagang	Residential
159	Ningbo Kaisa Dongchenyipin	Junction of Century Avenue and Min'an Road, Yinzhou District	Ningbo	Commercial
160	Nanjing Kaisa City Plaza	Junction of Nanwai and Taiqing Road, South of Hexi Area, Jianye District	Nanjing	Residential
161	Nanjing Kaisa Sky Mansion	D Area No.560 Heyan Road, Xixia District	Nanjing	Residential
162	Nanjing Kaisa Yuefeng	East of Wanke area, Lishui District	Nanjing	Residential
163	Nanjing Kaisa Redsun Waterfront Garden	East of Hutai Road., South Area of Xiaoshan Road, Lukou Street, Jiangning District	Nanjing	Residential
164	Jiaxing Xitang Project	East of Hongfu Road and South of Nanyuan Road, Xitang Town	Jiaxing	Residential
165	Xuzhou Thriving Spring Villa	West of Guangzhou Park, Shanhuan West Road, Yunlong District	Xuzhou	Residential
<b>Hainan</b>				
166	Sanya Kaisa Begonia Seasons	Nantian Hot Spring Resort Area, North of Haitang District	Sanya	Commercial & Service
167	Sanya Kaisa Begonia Mountain	Dongfeng Branch, Nantian Farm, Haitang Bay Town	Sanya	Residential

Notes:

- 1 Residential properties include apartments, serviced apartments and townhouses, often with complementary commercial facilities, restaurants and community facilities.
- 2 The Projects are renovation developments of once distressed assets and partially completed properties.
- 3 Including
  - (i) A portion of land for Foshan Lishui Project;
  - (ii) A portion of land for Dongguan Shilong project;
  - (iii) A portion of land for Dongguan Riverside Woods Palace;
  - (iv) A portion of land for Dongguan Riverside Hillview Palace;

No.	Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest attributable to us
				Completed Properties (sq. m.)	Under Development (sq. m.)	Future Development (sq. m.)	
148	–	36,595	100,849	100,849	–	–	100%
149	1	74,779	207,476	207,476	–	–	100%
150	1	26,000	23,326	–	–	23,326	100%
151	1	19,175	38,350	–	38,350	–	50%
152	1	61,233	46,660	–	46,660	–	36%
153	1	19,852	72,448	–	72,448	–	70%
154	1-2	33,234	123,216	123,216	–	–	100%
155	1-2	59,629	197,069	197,069	–	–	100%
156	1	32,006	48,008	–	–	48,008	100%
157	1	29,911	81,945	–	81,945	–	100%
158	1	31,666	37,999	–	37,999	–	100%
159	1	15,086	56,285	–	56,285	–	30%
160	1-3	109,832	411,636	274,203	137,433	–	100%
161	1	27,376	89,476	–	89,476	–	100%
162	1	65,698	144,535	–	–	144,535	100%
163	1	73,686	103,160	–	–	103,160	51%
164	1	38,881	64,857	64,857	–	–	51%
165	1	132,397	172,115	–	172,115	–	50%
<b>Hainan</b>							
166	1	42,585	42,585	–	33,207	9,378	60%
167	1	36,943	44,332	–	–	44,332	44%
		<b>18,706,283</b>	<b>49,846,441</b>	<b>26,308,438</b>	<b>12,783,535</b>	<b>10,754,467</b>	

- (v) A portion of land for Shenzhen Futian Port Project;
- (vi) A portion of land for Huizhou Longmen Longquan Dajing project;
- (vii) A portion of land for Zhuhai Lake View Waldorf Garden;
- (viii) A portion of land for Huludao Suizhong Kaisa Dongdaihe;

for which as at 30 June 2019, the Group has not obtained the land use right certificate, but has entered into land grant contracts or obtained confirmation from the relevant land and resources bureau.

- 4 The projects are based on our internal plans, but subject to the governmental approval.
- 5 As at 30 June 2019, the GFA of total completed properties for sale reached 2,233,210 sq. m.

## PROPERTIES UNDER DEVELOPMENT

The table below sets forth certain information of our property projects or project phases under development as at 30 June 2019. We have obtained land use rights certificates and construction works commencement permits for all of our properties under development.

Project	City	Project Phase	Total GFA	Saleable
			or Estimated Total GFA (sq. m.)	GFA or Estimated Total Saleable GFA (sq. m.)
Shenzhen Kaisa Financial Center	Shenzhen	1	142,000	129,640
Shenzhen Kaisa City Plaza	Shenzhen	3(5)	259,583	154,573
Shenzhen Yantian City Plaza	Shenzhen	2	411,915	217,904
Shenzhen Kaisa Golden Bay International Park	Shenzhen	1-2	333,910	59,010
Shenzhen Pinghu Kaisa Plaza	Shenzhen	1-2	333,500	149,930
Shenzhen Kaisa Future City	Shenzhen	1	128,548	87,354
Shenzhen Kaisa E Cube	Shenzhen	1	160,970	151,098
Shenzhen Inno Park	Shenzhen	1	269,159	269,159
Guangzhou Kaisa Mansion No.1	Guangzhou	1	86,138	71,183
Guangzhou Kaisa City Plaza	Guangzhou	1(3)	153,548	96,821
Foshan Kaisa E Cube	Foshan	-	61,082	60,593
Dongguan Le Grand Bleu	Dongguan	3-4	356,803	280,077
Huizhou Riverbank New Town	Huizhou	5-10	1,202,739	869,530
Huizhou Kaisa Mountain Bay	Huizhou	1	120,147	68,414
Huizhou Kaisa Times Mocha Town	Huizhou	1-2	458,323	192,834
Huizhou Kaisa Dong River Garden	Huizhou	1-2	196,332	188,898
Huizhou Longmen Longquan Dajing	Huizhou	1-2	285,982	225,251
Huizhou Kaisa Monarch Residence	Huizhou	1	71,043	70,673
Zhuhai Lake View Waldorf Garden	Zhuhai	2	78,162	36,971
Zhuhai Golden World	Zhuhai	3-4	149,309	76,503
Zhuhai Kaisa Monarch Residence	Zhuhai	1	28,958	24,627
Zhuhai Kaisa Yuefeng	Zhuhai	1	73,816	73,079
Zhongshan Kaisa Xiangshan Royal Palace	Zhongshan	1	69,794	47,928
Zhongshan Kaisa Shangpin Garden	Zhongshan	1	82,397	63,168
Zhongshan Kaisa Metro City	Zhongshan	1-2	211,608	173,894
Yangjiang Riverside No. 1	Yangjiang	1	118,910	92,855
Chengdu Kaisa Mansion No.8	Chengdu	4	268,097	183,135
Chengdu Kaisa Yuefu	Chengdu	1	447,537	425,191
Chengdu Kaisa Imperial Jade	Chengdu	1	68,175	68,173

Project	Commencement Time	Status of Pre-sale Permit	Estimated Completion Time	Interest Attributable to us
Shenzhen Kaisa Financial Center	Apr-18	Not yet obtained	2020 4Q	100%
Shenzhen Kaisa City Plaza	Dec-17	Yes	2020 2Q	100%
Shenzhen Yantian City Plaza	Apr-17	Yes	2019 4Q	100%
Shenzhen Kaisa Golden Bay International Park	Jan-18	Not yet obtained	2020 2Q	51%
Shenzhen Pinghu Kaisa Plaza	Dec-17	Yes	2019 2Q	100%
Shenzhen Kaisa Future City	Nov-17	Yes	2020 2Q	80%
Shenzhen Kaisa E Cube	Dec-18	Yes	2020 1Q	100%
Shenzhen Inno Park	Jun-18	Not yet obtained	2020 4Q	24%
Guangzhou Kaisa Mansion No.1	Jan-15	Yes	2019 3Q	59%
Guangzhou Kaisa City Plaza	Dec-16	Yes	2019 4Q	95%
Foshan Kaisa E Cube	May-19	Not yet obtained	2020 4Q	100%
Dongguan Le Grand Bleu	Aug-16	Yes	2021 2Q	100%
Huizhou Riverbank New Town	Dec-16	Yes	2019 3Q	100%
Huizhou Kaisa Mountain Bay	Aug-18	Yes	2020 3Q	100%
Huizhou Kaisa Times Mocha Town	Nov-17	Yes	2020 1Q	51%
Huizhou Kaisa Dong River Garden	Mar-19	Not yet obtained	2020 4Q	100%
Huizhou Longmen Longquan Dajing	May-19	Yes	2021 1Q	70%
Huizhou Kaisa Monarch Residence	May-19	Not yet obtained	2020 4Q	100%
Zhuhai Lake View Waldorf Garden	Jan-18	Not yet obtained	2019 4Q	100%
Zhuhai Golden World	Dec-12	Yes	2019 4Q	100%
Zhuhai Kaisa Monarch Residence	Jan-18	Yes	2019 3Q	100%
Zhuhai Kaisa Yuefeng	Nov-18	Yes	2020 3Q	100%
Zhongshan Kaisa Xiangshan Royal Palace	Sep-18	Yes	2019 4Q	100%
Zhongshan Kaisa Shangpin Garden	May-18	Yes	2019 3Q	50%
Zhongshan Kaisa Metro City	May-18	Yes	2019 4Q	80%
Yangjiang Riverside No. 1	Jan-19	Yes	2020 4Q	100%
Chengdu Kaisa Mansion No.8	Nov-17	Yes	2019 4Q	100%
Chengdu Kaisa Yuefu	Feb-18	Not yet obtained	2020 2Q	100%
Chengdu Kaisa Imperial Jade	Oct-18	Not yet obtained	2021 4Q	51%

Project Portfolio (continued)

Project	City	Project Phase	Total GFA	Saleable GFA or
			or Estimated Total GFA (sq. m.)	Estimated Total Saleable GFA (sq. m.)
Chengdu Kaisa Tianyue Mansion	Chengdu	1	26,290	18,704
Pengzhou Kaisa Golden Metro	Pengzhou	1-2	128,977	128,977
Chongqing Kaisa Plaza	Chongqing	3	112,327	112,327
Chongqing Kaisa Bright Harbour	Chongqing	5、6、9	528,009	216,495
Shenyang Kaisa Yuefeng	Shenyang	1	38,844	31,075
Yingkou Dragon Bay	Yingkou	1	259,911	95,939
Anshan Kaisa Plaza	Anshan	2、3	83,706	83,706
Huludao Suizhong Kaisa Dongdaihe	Huludao	3、4、6、8	1,159,052	941,292
Weifang Kaisa Golden World	Weifang	2	131,112	84,244
Qingdao Lake View Place	Qingdao	3	123,104	100,161
Dandong Kaisa Mansion No.1	Dandong	3	117,281	95,952
Liaoyang Hot Spring Resort Project	Liaoyang	1	108,570	38,611
Dalian Kaisa Center	Dalian	2	72,119	37,650
Dalian Kaisa Mansion No. 1	Dalian	1	104,392	103,792
Dalian Kaisa Yuejing	Dalian	1	85,169	82,908
Bazhou Kaisa Peacock City Yuefeng	Bazhou	1	54,859	52,802
Gu'an Kaisa Fengyuan Tianci Project	Gu'an	1	48,726	46,935
Changsha Kaisa Plaza	Changsha	1	221,603	169,780
Changsha Meixi Lake Project	Changsha	6	220,453	178,032
Hengyang Kaisa Yuefeng	Hengyang	1	160,648	159,679
Wuhan Kaisa Plaza	Wuhan	1	142,355	104,928
Wuhan Kaisa Yuefu	Wuhan	1-2	352,480	251,495
Ezhou Zhongliang Kaisa The One Mansion	Ezhou	1	281,669	275,757
Xinzheng Kaisa Yuefeng	Xinzheng	1-2	156,620	152,834
Xinxiang Kaisa Yuefeng	Xinxiang	1	85,686	80,002
Taizhou Kaisa Mansion No.1	Taizhou	2	247,643	244,226
Shanghai Kaisa Mansion No.8	Shanghai	2	124,025	78,496
Shanghai Kaisa Mansion	Shanghai	1	77,811	77,658
Shanghai Kaisa City Garden	Shanghai	1	55,429	42,590
Shanghai Shangpin Jiayuan	Shanghai	1	80,262	77,768
Hangzhou Kaisa Yunfeng	Hangzhou	1	38,350	35,125
Shaoxing Kaisa Guoyue Mansion	Shaoxing	1	46,660	45,930
Shaoxing Kaisa Monarch Residence	Shaoxing	1	72,448	47,503
Suzhou Kaisa Yufeng	Suzhou	1	81,945	59,237



Project	Commencement Time	Status of Pre-sale Permit	Estimated Completion Time	Interest Attributable to us
Chengdu Kaisa Tianyue Mansion	Jun-18	Yes	2020 2Q	100%
Pengzhou Kaisa Golden Metro	May-18	Yes	2020 3Q	100%
Chongqing Kaisa Plaza	Oct-17	Yes	2019 4Q	100%
Chongqing Kaisa Bright Harbour	Jun-17	Yes	2019 4Q	100%
Shenyang Kaisa Yuefeng	Oct-17	Yes	2019 4Q	100%
Yingkou Dragon Bay	Apr-18	Not yet obtained	2021 1Q	100%
Anshan Kaisa Plaza	Dec-17	Yes	2019 4Q	100%
Huludao Suizhong Kaisa Dongdaihe	Sep-14	Yes	2019 4Q	100%
Weifang Kaisa Golden World	Nov-12	Not yet obtained	2019 4Q	100%
Qingdao Lake View Place	May-14	Yes	2019 3Q	100%
Dandong Kaisa Mansion No.1	Dec-17	Yes	2019 4Q	100%
Liaoyang Hot Spring Resort Project	Jan-17	Yes	2019 4Q	100%
Dalian Kaisa Center	Jan-14	Not yet obtained	2019 4Q	100%
Dalian Kaisa Mansion No. 1	Jun-18	Yes	2020 3Q	100%
Dalian Kaisa Yuejing	Jun-19	Not yet obtained	2022 2Q	100%
Bazhou Kaisa Peacock City Yuefeng	Mar-19	Yes	2020 4Q	51%
Gu'an Kaisa Fengyuan Tianci Project	Sep-18	Yes	2020 4Q	49%
Changsha Kaisa Plaza	Jun-17	Yes	2020 3Q	100%
Changsha Meixi Lake Project	Nov-17	Yes	2019 3Q	100%
Hengyang Kaisa Yuefeng	Feb-19	Yes	2020 3Q	51%
Wuhan Kaisa Plaza	Sep-17	Yes	2019 3Q	100%
Wuhan Kaisa Yuefu	Sep-18	Yes	2020 1Q	50%
Ezhou Zhongliang Kaisa The One Mansion	Oct-18	Yes	2020 2Q	35%
Xinzheng Kaisa Yuefeng	May-18	Yes	2019 4Q	100%
Xinxiang Kaisa Yuefeng	Apr-19	Yes	2021 4Q	100%
Taizhou Kaisa Mansion No.1	Sep-18	Yes	2020 1Q	51%
Shanghai Kaisa Mansion No.8	Apr-19	Not yet obtained	2019 2Q	100%
Shanghai Kaisa Mansion	Nov-16	Not yet obtained	2019 2Q	100%
Shanghai Kaisa City Garden	Jun-18	Not yet obtained	2019 4Q	75%
Shanghai Shangpin Jiayuan	Apr-19	Not yet obtained	2021 3Q	75%
Hangzhou Kaisa Yunfeng	Jul-19	Not yet obtained	2021 4Q	100%
Shaoxing Kaisa Guoyue Mansion	Dec-18	Yes	2020 4Q	36%
Shaoxing Kaisa Monarch Residence	Jul-17	Yes	2019 2Q	70%
Suzhou Kaisa Yufeng	Jan-18	Not yet obtained	2019 4Q	100%

Project Portfolio (continued)

Project	City	Project Phase	Total GFA or Estimated Total GFA (sq. m.)	Saleable GFA or Estimated Total Saleable GFA (sq. m.)
Zhangjiagang Fengming Riverside	Zhangjiagang	1	37,999	36,862
Ningbo Kaisa Dongchenyipin	Ningbo	1	56,285	38,389
Nanjing Kaisa City Plaza	Nanjing	3	137,433	4,259
Nanjing Kaisa Sky Mansion	Nanjing	1	89,476	51,182
Xuzhou Thriving Spring Villa	Xuzhou	1	172,115	164,926
Sanya Kaisa Begonia Seasons	Sanya	1	33,207	33,207
<b>Total</b>			<b>12,783,535</b>	<b>9,289,901</b>

Project	Commencement Time	Status of Pre-sale Permit	Estimated Completion Time	Interest Attributable to us
Zhangjiagang Fengming Riverside	Nov-18	Yes	2019 4Q	100%
Ningbo Kaisa Dongchenyipin	Oct-18	Not yet obtained	2020 3Q	30%
Nanjing Kaisa City Plaza	Apr-16	Yes	2020 1Q	100%
Nanjing Kaisa Sky Mansion	Feb-18	Not yet obtained	2019 4Q	100%
Xuzhou Thriving Spring Villa	Jan-19	Yes	2020 4Q	50%
Sanya Kaisa Begonia Seasons	May-19	Not yet obtained	2020 4Q	60%

## PROPERTIES HELD FOR FUTURE DEVELOPMENT

The table below sets forth certain information of our property projects held for future development as at 30 June 2019.

Project	Location	Project Phase	Estimated Total GFA (sq. m.)	Estimated Completion Time <sup>(1)</sup>
Shenzhen Yantian City Plaza	Shenzhen	1-3	181,916	2021
Shenzhen Kaisa Golden Bay International Park	Shenzhen	1-4	182,490	2020
Shenzhen Pinghu Kaisa Plaza	Shenzhen	1-2	141,500	2020
Shenzhen Kaisa Future City	Shenzhen	1-2	28,431	2022
Shenzhen Nan'ao Project	Shenzhen	1	51,930	2021
Shenzhen Dongmendao Project	Shenzhen	1	50,556	2021
Shenzhen Nam Tai Inno City	Shenzhen	1	194,595	2021
Shenzhen Nam Tai Inno Valley	Shenzhen	1	170,200	2025
Shenzhen Futian Border Project	Shenzhen	1	42,600	2021
Guangzhou Kaisa Future City	Guangzhou	3	177,637	2020
Guangzhou Nantian Project	Guangzhou	1-3	315,343	2021
Guangzhou Kaisa Sky Bright	Guangzhou	1	16,182	2021
Guangzhou Kaisa Sky Pride	Guangzhou	1	29,383	2021
Guangzhou Xiaoping Village Project	Guangzhou	1-3	507,650	2022
Guangzhou Kaisa Yuejiang Mansion	Guangzhou	1-2	94,960	2020
Qingyuan Kaisa Northern City Plaza	Qingyuan	1-5	1,183,327	2021
Foshan Shunde Kaisa Golden World	Foshan	9	2,719	2020
Foshan Kaisa Metro City	Foshan	-	101,398	2021
Foshan Lishui Project	Foshan	-	55,313	2021
Foshan Kaisa Yuefeng	Foshan	-	94,960	2022
Dongguan Shilong Project	Dongguan	-	10,131	2024
Dongguan Riverside Woods Palace	Dongguan	-	155,693	2024
Dongguan Riverside Hillview Palace	Dongguan	-	202,294	2024
Dongguan Kaisa Glamourous Riverscape	Dongguan	-	95,239	2021
Huizhou Yuanzhou Project	Huizhou	-	61,200	2021
Huizhou Riverbank New Town	Huizhou	1-13	1,871,695	2020
Huizhou Kaisa Mountain Bay	Huizhou	1-3	241,506	2020
Huizhou Kaisa Times Mocha Town	Huizhou	3、5、6	183,458	2021
Huizhou Kaisa Dong River Garden	Huizhou	3-4	245,478	2021
Huizhou Longmen Longquan Dajing	Huizhou	3-4	344,018	2023
Huizhou Kaisa Monarch Residence	Huizhou	1	33,597	2020
Zhuhai Lake View Waldorf Garden	Zhuhai	3-4	55,470	2021
Zhongshan Kaisa Fortune Garden	Zhongshan	1-2	128,347	2020
Yangjiang Riverside No. 1	Yangjiang	2	40,115	2020
Pengzhou Kaisa Golden Metro	Pengzhou	3-4	149,214	2022

Project	Location	Project Phase	Estimated Total GFA (sq. m.)	Estimated Completion Time <sup>(1)</sup>
Chongqing Shaba Jingkou Project	Chongqing	1	141,945	2023
Chongqing Kaisa Zhuanshan Fortune Garden	Chongqing	1-2	225,097	2020
Chongqing Riverside Seasons	Chongqing	1	104,311	2023
Anshan Monarch Residence	Anshan	3-4	94,988	2021
Huludao Suizhong Kaisa Dongdaihe	Huludao	4、7、11、 12、13	1,251,799	2020
Liaoyang Hot Spring Resort Project	Liaoyang	3-10	151,143	2022
Changsha Gaotie New Town Project	Changsha	1-2	283,789	2020
Wuhan Kaisa Bright Harbour	Wuhan	1	142,252	2021
Xiaogan Kaisa Airport Science and Technology City	Xiaogan	1-5	262,577	2020
Jiangyin Zhouzhuang Golden World	Jiangyin	2	69,767	2020
Shanghai Xuhang Town Project	Shanghai	1-4	213,515	2021
Hangzhou Fuyang Yinhu Project	Hangzhou	1	23,326	2022
Suzhou Kaisa Guoyue Mansion	Suzhou	1	48,008	2021
Nanjing Kaisa Yuefeng	Nanjing	1	144,535	2022
Nanjing Kaisa Redsun Waterfront Garden	Nanjing	1	103,160	2021
Sanya Kaisa Begonia Seasons	Sanya	1	9,378	2020
Sanya Kaisa Begonia Mountain	Sanya	1	44,332	2021
<b>Total</b>			<b>10,754,467</b>	

Note:

1. For projects with multiple phases, the estimated time for completing the first phase of the project.

# DISCLOSURE OF INTERESTS

## THE EXISTING SHARE OPTION SCHEME

The Company adopted the Existing Share Option Scheme on 22 November 2009. A summary of the principal terms of the Existing Share Option Scheme is set out as follows:

### (1) Purpose of the Existing Share Option Scheme

The purpose of the Existing Share Option Scheme was to enable the Company to grant options of the Company to Eligible Participants with the view to achieving the following objectives.

- (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

### (2) Participants of the Share Option Scheme

Participants of the Existing Share Option Scheme included any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries, any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, advisers and agents to the Company or any of its subsidiaries (the “**Eligible Participants**”).

### (3) Total number of Shares available for issue under the Existing Share Option Scheme

The total number of Shares which may be issued upon exercise of all Share options granted and yet to be exercised under the Existing Share Option Scheme and other schemes of the Company could not exceed 30% of the Shares in issue from time to time. The maximum number of Shares in respect of which options could be granted under the Existing Share Option Scheme and options under the other schemes of the Company was not permitted to exceed 10% limit, unless with the prior approval from the shareholders of the Company. The Existing Share Option Scheme limit was refreshed at the extraordinary general meeting held on 31 March 2014. As at 30 June 2019, the maximum number of the Shares available for issue upon exercise of all Share options which could be granted under the Existing Share Option Scheme was 475,212,000 Shares, representing approximately 7.81% of the issued share capital of the Company as at the date of the report.

During the six months ended 30 June 2019, a total of 51,700,000 options were granted under the Existing Share Option Scheme. For the six months ended 30 June 2019, a total of 10,714,000 options were exercised, no options were cancelled, and a total of 82,530,000 options were forfeited/lapsed.

### (4) Maximum entitlement of each Eligible Participant

Unless approved by the shareholders of the Company, the maximum number of Shares issued and to be issued upon exercise of the options pursuant to the Existing Share Option Scheme and any other share option schemes of the Company to each participant of the Existing Share Option Scheme in any 12-month period up to and including the date of grant of the options could not exceed 1% of the total number of Shares in issue as at the date of grant.

### (5) Period within which the securities must be taken up under an option

The period within which the options must be exercised was specified by the Company at the time of grant, provided that such period of time did not exceed a period of ten years commencing on the date on which the Share option was deemed to be granted and accepted.

**(6) Payment on acceptance of option offer**

HK\$1.00 was payable by the Eligible Participant of the Existing Share Option Scheme to the Company upon acceptance of the option offered as consideration for the grant.

**(7) Basis of determining the subscription price**

The subscription price per Share under the Existing Share Option Scheme was determined by the Board and notified to each Eligible Participant and could be no less than the highest of (i) the official closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant; (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of grant.

**(8) Termination of the Existing Share Option Scheme**

The Existing Share Option Scheme remained valid until 14 June 2019 after which no further options were granted under the Existing Share Option Scheme. In respect of all options which remained exercisable on such date, the provisions of the Existing Share Option Scheme remained in full force and effect. The summary below sets out the details of options granted as at 30 June 2019 pursuant to the Existing Share Option Scheme:

Grantee	Balance	Grant	Exercised	Cancelled/ forfeited/ lapsed	Balance
	as at 1 January 2019 (Note 1)	during the six months ended 30 June 2019	during the six months ended 30 June 2019	during the six months ended 30 June 2019	as at 30 June 2019
<b>Directors</b>					
SUN Yuenan	50,020,000	-	-	-	50,020,000
ZHENG Yi	48,588,000	-	-	-	48,588,000
MAI Fan	10,000,000	-	-	-	10,000,000
RAO Yong	2,400,000	-	-	-	2,400,000
ZHANG Yizhao	1,400,000	-	-	-	1,400,000
LIU Xuesheng	1,200,000	-	-	-	1,200,000
<b>Other employees</b>					
In aggregate	403,148,000	51,700,000	10,714,000	82,530,000	361,604,000
<b>Total</b>	<b>516,756,000</b>	<b>51,700,000</b>	<b>10,714,000</b>	<b>82,530,000</b>	<b>475,212,000</b>

As at 30 June 2019, a total of 157,612,000 options were exercisable.

Note:

- (1) For the information on the date of grant, exercise period and exercise price in relation to the outstanding Share options as at 1 January 2019, please refer to note 25 to the unaudited condensed consolidated financial information.

## THE NEW SHARE OPTION SCHEME

The Company adopted the New Share Option Scheme on the Adoption Date. A summary of the principal terms of the New Share Option Scheme is set out as follows:

### (1) Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is to enable the Company to grant New Share Options (as defined below) to New Eligible Participants with the view to achieving the following objectives.

- (i) motivate the New Eligible Participants (as defined below) to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the New Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

### (2) Participants of the New Share Option Scheme

Participants of the New Share Option Scheme include any full-time or part-time employees, executives, officers or directors (including non-executive directors and independent non-executive directors) who, in the sole opinion of the Board, will contribute or have contributed to the Group (the “**New Eligible Participants**”).

### (3) Total number of Shares available for issue under the New Share Option Scheme

The total number of Shares which may be issued upon exercise of all Share options (“**New Share Options**”) granted and yet to be exercised under the New Share Option Scheme and other schemes of the Company must not exceed 30% of the Shares in issue from time to time. The maximum number of Shares in respect of which New Share Options may be granted under the New Share Option Scheme and options under the other schemes of the Company is 10% of the total number of Shares in issue on the Adoption Date, unless approval has been obtained from the shareholders of the Company. As at 30 June 2019, the maximum number of the Shares available for issue upon exercise of all New Share Options which may be granted under the New Share Option Scheme is 608,090,769 Shares, representing 10.0% of the issued share capital of the Company as at the Adoption Date.

During the six months ended 30 June 2019, no New Share Options were granted under the New Share Option Scheme.

### (4) Maximum entitlement of each Participant

Unless approved by the shareholders of the Company, the maximum number of Shares in respect of which New Share Options may be granted under the New Share Option Scheme to each New Eligible Participant shall not, when aggregated with (a) any Shares issued upon exercise of New Share Options granted under the New Share Option Scheme or options under the other schemes which have been granted to that New Eligible Participant; (b) any Shares which would be issued upon the exercise of outstanding New Share Options granted under the New Share Option Scheme or options under the other schemes granted to that New Eligible Participant; and (c) any cancelled shares which were the subject of New Share Options granted under the New Share Option Scheme or options under the other schemes which had been granted to and accepted by that New Eligible Participant, in any 12-month period up to and including the date of grant of the options shall not exceed 1% of the total number of Shares in issue as at the date of grant.



**(5) Period within which the securities must be taken up under a New Share Option**

The period within which the New Share Options must be exercised will be specified by the Company at the time of grant, provided that such period of time shall not exceed a period of ten years commencing on the date on which the New Share Option is deemed to be granted and accepted.

**(6) Payment on acceptance of New Share Option offer**

HK\$1.00 is payable by the New Eligible Participant of the New Share Option Scheme to the Company upon acceptance of the New Share Option offered as consideration for the grant.

**(7) Basis of determining the exercise price**

The exercise price per Share under the New Share Option Scheme is determined by the Board in its absolute discretion but in any event must be at least the higher of: (i) the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of on which such New Share Option is offered in writing (the "Offer Date"); (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the Offer Date; and (iii) the nominal value of a Share, provided that for the purpose of determining the exercise price where the Shares have been listed on the Stock Exchange for less than five (5) Business Days preceding the Offer Date, the issue price of the Shares in connection with such listing shall be deemed to be the closing price of the Shares for each Business Day falling within the period before the listing of the Shares on the Stock Exchange.

**(8) Remaining life of the New Share Option Scheme**

The New Share Option Scheme will remain valid until 14 June 2029 after which no further New Share Options shall be offered. However, the provisions of the New Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of this New Share Option Scheme and the New Share Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

## THE SUBSIDIARY SHARE OPTION SCHEME

Kaisa Prosperity Holdings Limited ("**Kaisa Prosperity**"), the Group's subsidiary engaged in the property management business, adopted the Subsidiary Share Option Scheme at the annual general meeting of Kaisa Prosperity held on 18 June 2019 (the "**Subsidiary Share Option Scheme Adoption Date**"). A summary of the principal terms of the Subsidiary Share Option Scheme is set out as follows:

### (1) Purpose of the Subsidiary Share Option Scheme

The purpose of the Subsidiary Share Option Scheme is to enable Kaisa Prosperity to grant Subsidiary Share Options (as defined below) to Eligible Subsidiary Participants (as defined below) with the view to achieving the following objectives.

- (i) motivate the Eligible Subsidiary Participants to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Subsidiary Participants whose contributions are or will be beneficial to the long-term growth of the Group.

### (2) Participants of the Subsidiary Share Option Scheme

Participants of the Subsidiary Share Option Scheme include any full-time or part-time employees, executives, officers or directors (including non-executive directors and independent non-executive directors) who, in the sole opinion of the Board, will contribute or have contributed to the Group (the "**Eligible Subsidiary Participants**").

### (3) Total number of Shares available for issue under the Subsidiary Share Option Scheme

The total number of Shares which may be issued upon exercise of all Share options ("**Subsidiary Share Options**") granted and yet to be exercised under the Subsidiary Share Option Scheme and other schemes of Kaisa Prosperity must not exceed 30% of the Shares in issue from time to time. The maximum number of Shares in respect of which Subsidiary Share Options may be granted under the Subsidiary Share Option Scheme and options under the other schemes of Kaisa Prosperity is 10% of the total number of Shares in issue on the Subsidiary Share Option Scheme Adoption Date, unless approval has been obtained from the shareholders of Kaisa Prosperity. As at 30 June 2019, the maximum number of the Shares available for issue upon exercise of all Subsidiary Share Options which may be granted under the Subsidiary Share Option Scheme is 14,000,000 Shares, representing 10.0% of the issued share capital of Kaisa Prosperity as at the Subsidiary Share Option Scheme Adoption Date.

During the six months ended 30 June 2019, no Subsidiary Share Options were granted under the Subsidiary Share Option Scheme.

On 19 July 2019, Kaisa Prosperity granted 11,450,000 Subsidiary Share Options.

**(4) Maximum entitlement of each Participant**

Unless approved by the shareholders of Kaisa Prosperity, the maximum number of Shares in respect of which Subsidiary Share Options may be granted under the Subsidiary Share Option Scheme to each Eligible Subsidiary Participant shall not, when aggregated with (a) any Shares issued upon exercise of Subsidiary Share Options granted under the Subsidiary Share Option Scheme or options under the other schemes which have been granted to that Eligible Subsidiary Participant; (b) any Shares which would be issued upon the exercise of outstanding Subsidiary Share Options granted under the Subsidiary Share Option Scheme or options under the other schemes granted to that Eligible Subsidiary Participant; and (c) any cancelled shares which were the subject of Subsidiary Share Options granted under the Subsidiary Share Option Scheme or options under the other schemes which had been granted to and accepted by that Eligible Subsidiary Participant, in any 12-month period up to and including the date of grant of the options shall not exceed 1% of the total number of Shares in issue as at the date of grant.

**(5) Period within which the securities must be taken up under a Subsidiary Share Option**

The period within which the Subsidiary Share Options must be exercised will be specified by Kaisa Prosperity at the time of grant, provided that such period of time shall not exceed a period of ten years commencing on the date on which the Subsidiary Share Option is deemed to be granted and accepted.

**(6) Payment on acceptance of Subsidiary Share Option offer**

HK\$1.00 is payable by the Eligible Subsidiary Participant of the Subsidiary Share Option Scheme to Kaisa Prosperity upon acceptance of the Subsidiary Share Option offered as consideration for the grant.

**(7) Basis of determining the exercise price**

The exercise price per Share under the Subsidiary Share Option Scheme is determined by the Board in its absolute discretion but in any event must be at least the higher of: (i) the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of on which such Subsidiary Share Option is offered in writing (the "Offer Date"); (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the Offer Date; and (iii) the nominal value of a Share, provided that for the purpose of determining the exercise price where the Shares have been listed on the Stock Exchange for less than five (5) Business Days preceding the Offer Date, the issue price of the Shares in connection with such listing shall be deemed to be the closing price of the Shares for each Business Day falling within the period before the listing of the Shares on the Stock Exchange.

**(8) Remaining life of the Subsidiary Share Option Scheme**

The Subsidiary Share Option Scheme will remain valid until 18 June 2029 after which no further Subsidiary Share Options shall be offered. However, the provisions of the Subsidiary Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any Subsidiary Share Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Subsidiary Share Option Scheme and the Subsidiary Share Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Subsidiary Share Option Scheme.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

The interests and short positions of Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as at 30 June 2019 as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") are set out as follows:

### (i) Long positions in the Shares:

Name of Company	Name of Director	Number of ordinary Shares held				Total	Approximate percentage of the total number of shares in issue
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Kaisa Group Holdings Ltd.	KWOK Ying Shing	-	-	1,551,098,756	-	1,551,098,756	25.51%
	MAI Fan	238,000	905,000	-	-	1,143,000	0.02%
	ZHANG Yizhao	100,000	-	-	-	100,000	0.00%
Kaisa Prosperity Holdings Limited (previously known as "Kaisa Property Holdings Limited")	KWOK Ying Shing	-	-	1,141,750	-	1,141,750	0.82%
Kaisa Health Group Holdings Limited	KWOK Ying Shing	-	-	308,000,000	-	308,000,000	6.11%

The percentages were calculated based on Shares in issue of the corresponding entity as at 30 June 2019.

### (ii) Long positions in the underlying Shares:

Name of Director	Capacity	Number of the underlying Shares	Approximate percentage of the issued share capital of the Company (Note) (%)
SUN Yuenan	Beneficial owner	50,020,000	0.82%
ZHENG Yi	Beneficial owner	48,588,000	0.80%
MAI Fan	Beneficial owner	10,000,000	0.16%
RAO Yong	Beneficial owner	2,400,000	0.04%
ZHANG Yizhao	Beneficial owner	1,400,000	0.02%
LIU Xuesheng	Beneficial owner	1,200,000	0.02%

Note:

The percentages were calculated based on 6,080,907,697 Shares in issue as at 30 June 2019, assuming all the options granted under the Share Option Scheme have been exercised.

Save for those disclosed above, as at 30 June 2019, none of the Directors or chief executive had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, so far as the Directors are aware, persons other than the Directors or chief executive of the Company, who had interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are set out as follows:

Name of substantial shareholder	Capacity	Number of shares (Note 1)	Approximate percentage of the issued share capital of the Company (%)
Da Chang	Beneficial owner	708,033,378 (L) (Note 2)	11.64%
Da Feng	Beneficial owner	843,065,378 (L) 240,500,000 (S) (Note 2)	13.86% 3.96%
Da Zheng Investment Company Limited	Beneficial owner	843,065,377 (L)	13.86%
Funde Sino Life Insurance Co., Ltd.	Beneficial owner	649,700,957 (L)	25.29%
	Interest in a controlled corporation	887,995,149 (L) (Note 3)	
Fund Resources Investment Holding Group Company Limited	Beneficial owner	887,995,149 (L)	14.60%

Notes:

- The letter "L" denotes the person's long position in the Shares and the letter "S" denotes the person's short position in the Shares.
- Each of Da Feng Investment Company Limited ("**Da Feng**") and Da Chang Investment Company Limited ("**Da Chang**") is wholly owned by Mr. Kwok Ying Shing.
- 887,995,149 Shares were held by Fund Resources Investment Holding Group Company Limited, which was wholly owned by Funde Sino Life Insurance Co., Ltd. as at 30 June 2019. By virtue of SFO, Funde Sino Life Insurance Co., Ltd. is deemed to be interested in Shares held by Fund Resources Investment Holding Group Company Limited.
- The percentage were calculated based on 6,080,907,697 shares in issue as at 30 June 2019.

Save for those disclosed above, as at 30 June 2019, to the best of the Directors' knowledge, no other persons had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

# INDEPENDENT REVIEW REPORT



## TO THE BOARD OF DIRECTORS OF KAISA GROUP HOLDINGS LTD.

*(incorporated in the Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the interim financial information of Kaisa Group Holdings Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages 45 to 106, which comprises the condensed consolidated statement of financial position as at 30 June 2019, and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of this interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

#### **Grant Thornton Hong Kong Limited**

*Certified Public Accountants*

Level 12  
28 Hennessy Road  
Wanchai  
Hong Kong

27 August 2019

#### **Lin Ching Yee Daniel**

Practising Certificate No.: P02771

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

For the six months ended 30 June 2019

	Note	Unaudited Six months ended 30 June	
		2019 RMB'000	2018 RMB'000
<b>Revenue</b>	4	<b>20,105,995</b>	15,027,788
Cost of sales	5	<b>(13,398,448)</b>	(10,291,313)
<b>Gross profit</b>		<b>6,707,547</b>	4,736,475
Other gains and (losses), net	6	<b>(314,136)</b>	115,704
Provisional gain on deemed disposals of subsidiaries	24	<b>979,449</b>	1,994,891
Selling and marketing costs	5	<b>(730,644)</b>	(361,269)
Administrative expenses	5	<b>(1,323,494)</b>	(1,402,041)
Fair value gain on investment properties	11	<b>390,345</b>	134,806
<b>Operating profit</b>		<b>5,709,067</b>	5,218,566
Share of results of associates		<b>(63,182)</b>	(55,223)
Share of results of joint ventures	13(b)	<b>(122)</b>	33,234
Finance income		<b>224,226</b>	106,152
Finance costs		<b>(577,865)</b>	(730,108)
<b>Finance costs, net</b>	7	<b>(353,639)</b>	(623,956)
<b>Profit before income tax</b>		<b>5,292,124</b>	4,572,621
Income tax expenses	8	<b>(2,514,984)</b>	(2,340,530)
<b>Profit for the period</b>		<b>2,777,140</b>	2,232,091
<b>Profit/(Loss) for the period attributable to:</b>			
Owners of the Company		<b>2,837,222</b>	1,704,082
Non-controlling interests		<b>(60,082)</b>	528,009
		<b>2,777,140</b>	2,232,091
<b>Earnings per share for profit attributable to owners of the Company during the period (expressed in RMB per share)</b>			
– Basic	9	<b>0.467</b>	0.281
– Diluted	9	<b>0.459</b>	0.276

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)  
For the six months ended 30 June 2019

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit for the period</b>	<b>2,777,140</b>	2,232,091
<b>Other comprehensive (loss)/income for the period, including reclassification adjustments</b>		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange (loss)/gain on translation of foreign operations	<b>(31,692)</b>	13,516
<b>Other comprehensive (loss)/income for the period, including reclassification adjustments</b>	<b>(31,692)</b>	13,516
<b>Total comprehensive income for the period</b>	<b>2,745,448</b>	2,245,607
<b>Total comprehensive income/(loss) for the period attributable to:</b>		
Owners of the Company	<b>2,822,823</b>	1,712,587
Non-controlling interests	<b>(77,375)</b>	533,020
	<b>2,745,448</b>	2,245,607

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 51 to 106 are an integral part of this condensed consolidated financial information.



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	11	3,148,424	3,055,880
Right-of-use assets	12	1,212,966	–
Investment properties	11	35,755,000	35,930,000
Land use rights	11	673,599	669,078
Investments in associates	13(a)	12,282,319	7,072,822
Investments in joint ventures	13(b)	10,975,540	8,677,152
Financial assets at fair value through profit or loss		5,624,026	6,567,622
Debtors, deposits and other receivables	14	4,074,912	1,652,852
Goodwill and intangible assets	15	1,985,744	1,105,288
Long-term bank deposits		1,600,000	400,000
Deferred tax assets		845,886	784,310
		<b>78,178,416</b>	65,915,004
<b>Current assets</b>			
Properties under development		67,015,369	64,764,338
Completed properties held for sale		16,718,753	13,130,534
Inventories		242,824	105,305
Deposits for land acquisition		21,791,115	19,445,196
Prepayments for proposed development projects		19,563,549	19,080,815
Debtors, deposits and other receivables	14	26,083,457	22,600,171
Prepaid taxes		774,791	1,134,324
Restricted cash		6,988,334	6,792,292
Financial assets at fair value through profit or loss		265,408	328,204
Short-term bank deposits		347,341	252,718
Cash and bank balances		21,044,089	15,479,139
		<b>180,835,030</b>	163,113,036
<b>Current liabilities</b>			
Contract liabilities		45,343,569	39,154,089
Accrued construction costs		12,505,088	12,599,547
Income tax payable		8,983,485	7,773,315
Lease liabilities	16	143,533	–
Borrowings	17	22,446,501	16,965,694
Other payables	18	25,882,484	19,917,262
		<b>115,304,660</b>	96,409,907

Condensed Consolidated Statement of Financial Position (continued)  
As at 30 June 2019

	Note	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
<b>Net current assets</b>		<b>65,530,370</b>	66,703,129
<b>Total assets less current liabilities</b>		<b>143,708,786</b>	132,618,133
<b>Non-current liabilities</b>			
Lease liabilities	16	1,077,023	–
Borrowings	17	93,091,705	91,800,258
Deferred tax liabilities		4,661,351	4,478,563
		<b>98,830,079</b>	96,278,821
<b>Net assets</b>		<b>44,848,707</b>	36,339,312
<b>EQUITY</b>			
Share capital	19	534,314	533,389
Share premium	19	5,710,319	6,168,607
Reserves	20	17,854,951	14,938,114
<b>Equity attributable to owners of the Company</b>		<b>24,099,584</b>	21,640,110
<b>Non-controlling interests</b>		<b>20,799,123</b>	14,699,202
<b>Total equity</b>		<b>44,878,707</b>	36,339,312

**Kwok Ying Shing**  
Director

**Mai Fan**  
Director

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 51 to 106 are an integral part of this condensed consolidated financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Unaudited					
	Attributable to owners of the Company					
	Share capital	Share premium	Reserves	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	[note 19]	[note 19]	[note 20]			
Balance as at 1 January 2018 (audited)	532,865	6,913,069	11,641,988	19,087,922	10,910,228	29,998,150
Adjustment on adoption of HKFRS 9, net of tax	-	-	299,998	299,998	(7,224)	292,774
Restated balance as at 1 January 2018	532,865	6,913,069	11,941,986	19,387,920	10,903,004	30,290,924
Profit for the period	-	-	1,704,082	1,704,082	528,009	2,232,091
Other comprehensive income for the period	-	-	8,505	8,505	5,011	13,516
Total comprehensive income for the period	-	-	1,712,587	1,712,587	533,020	2,245,607
Acquisitions of subsidiaries (note 23)	-	-	-	-	51,426	51,426
Capital injection by non-controlling interests	-	-	-	-	254,377	254,377
Deemed disposals of subsidiaries (note 24)	-	-	-	-	(91,554)	(91,554)
2017 final dividends declared (note 10)	-	(603,729)	-	(603,729)	-	(603,729)
Issue of shares upon exercise of share options	414	8,780	(2,667)	6,527	-	6,527
Share-based payments	-	-	116,458	116,458	2,524	118,982
Balance as at 30 June 2018 (unaudited)	533,279	6,318,120	13,768,364	20,619,763	11,652,797	32,272,560
Balance as at 1 January 2019 (audited)	<b>533,389</b>	<b>6,168,607</b>	<b>14,938,114</b>	<b>21,640,110</b>	<b>14,699,202</b>	<b>36,339,312</b>
Profit/(Loss) for the period	-	-	2,837,222	2,837,222	(60,082)	2,777,140
Other comprehensive loss for the period	-	-	(14,399)	(14,399)	(17,293)	(31,692)
Total comprehensive income/(loss) for the period	-	-	2,822,823	2,822,823	(77,375)	2,745,448
Acquisitions of subsidiaries (note 23)	-	-	-	-	540,680	540,680
Capital injection by non-controlling interests	-	-	-	-	5,618,233	5,618,233
Deemed disposal of partial interests in a subsidiary	-	-	(12,667)	(12,667)	43,667	31,000
Deemed disposals of subsidiaries (note 24)	-	-	-	-	(39,509)	(39,509)
2018 final dividends declared (note 10)	-	(478,683)	-	(478,683)	(5,775)	(484,458)
Issue of shares upon exercise of share options	925	20,395	(6,046)	15,274	-	15,274
Share-based payments	-	-	69,014	69,014	-	69,014
Other	-	-	43,713	43,713	-	43,713
<b>Balance as at 30 June 2019 (unaudited)</b>	<b>534,314</b>	<b>5,710,319</b>	<b>17,854,951</b>	<b>24,099,584</b>	<b>20,779,123</b>	<b>44,878,707</b>

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 51 to 106 are an integral part of this condensed consolidated financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

		Unaudited Six months ended 30 June	
		2019 RMB'000	2018 RMB'000
	Notes		
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operations		(1,286,354)	15,590,782
Income tax paid		(858,104)	(2,163,048)
Interest paid		(3,949,430)	(4,562,769)
<i>Net cash (used in)/from operating activities</i>		<b>(6,093,888)</b>	8,864,965
<b>Cash flows from investing activities</b>			
Additions of property, plant and equipment	11	(172,545)	(90,781)
Additions to investment properties	11	(326,796)	(1,315,464)
Additions to intangible assets	15	(200,559)	(46,422)
Acquisitions of associates		(4,642,990)	(177,507)
Acquisitions of joint venture		(975,808)	-
Acquisitions of subsidiaries, net of cash acquired	23	(378,452)	(205,274)
Increase in amounts due from joint ventures		-	(162,224)
Decrease/(Increase) in amounts due from associates		329,897	(3,631,595)
Increase in other receivables		(3,699,000)	(3,038,600)
(Increase)/Decrease in short-term bank deposits		(94,623)	1,189,776
Increase in long term bank deposits		(1,200,000)	(400,000)
Increase in consideration payables related to acquisition of joint ventures		-	5,600
Increase in consideration payables related to acquisition of an associate		530,000	-
Cash outflow from deemed disposals of subsidiaries	24	(419,068)	(2,572,394)
Payment for consideration payables related to acquisition of subsidiaries		(505,855)	(1,503,087)
Payment for consideration payable related to acquisition of associate		-	(757,937)
Purchase of financial assets at fair value through profit or loss		(333,515)	(949,544)
Proceeds from disposals of financial assets at FVTPL		1,343,616	-
Cash inflow/(outflow) from other investing activities		482,017	(228,800)
<i>Net cash used in investing activities</i>		<b>(10,263,681)</b>	(13,884,253)
<b>Cash flows from financing activities</b>			
Increase/(Decrease) in other payables		2,080,776	(78,599)
Increase in amounts due to associates		130,512	428,011
Increase in amounts due to joint ventures		1,571,279	326,386
Decrease in restricted cash relating to borrowings		2,354,596	17,463
Capital injection from non-controlling interests		5,618,233	254,377
Decrease in amounts due to non-controlling interests of subsidiaries		(200,058)	(166,167)
Proceeds from bank and other borrowings		17,627,505	17,610,195
Net proceeds from issuance of senior notes	17(a)	7,679,319	2,075,073
Proceeds from issuance of convertible bonds	17(b)	676,913	-
Proceeds from loans from associates		2,500	428,250
Repayments of bank and other borrowings		(12,978,142)	(10,403,158)
Repayments of loans from associates		(306,650)	(721,900)
Payment for repurchase of senior notes		(1,746,852)	(960,817)
Cash outflow from other financing activities		(567,515)	(67,141)
<i>Net cash generated from financing activities</i>		<b>21,942,416</b>	8,741,973
<b>Net increase in cash and cash equivalents</b>		<b>5,584,847</b>	3,722,685
Cash and cash equivalents at beginning of period		15,479,139	11,998,423
Exchange adjustments		(19,897)	25,424
<b>Cash and cash equivalents at end of period, represented by cash and bank balances</b>		<b>21,044,089</b>	15,746,532

The notes on pages 51 to 106 are an integral part of this condensed consolidated financial information.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 1. GENERAL INFORMATION

Kaisa Group Holdings Ltd. (the "Company") was incorporated in the Cayman Islands on 2 August 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands.

The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands.

The Company is engaged in investment holding and the subsidiaries (collectively, the "Group") are principally engaged in property development, property investment, property management, hotel and catering operations, cinema, department store and cultural centre operations, water-way passenger and cargo transportation and healthcare business in the People's Republic China (the "PRC").

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

This condensed consolidated financial information is presented in Renminbi ("RMB"), the currency of the primary economic environment in which most of the group entities operate (the functional currency of the Company and most of the entities comprising the Group), and all values are rounded to the nearest thousand ('000), unless otherwise stated. The condensed consolidated financial information was authorised for issue by the Board of Directors on 27 August 2019.

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (i) Basis of preparation

This condensed consolidated financial information for the six months ended 30 June 2019 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

### (ii) Changes in significant accounting policies

The condensed consolidated financial information for the six months ended 30 June 2019 have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2018, except for the adoption of the following new and amended HKFRSs effective as of 1 January 2019. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

### (ii) Changes in significant accounting policies (continued)

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

Other than the impact of the adoption of HKFRS 16 as noted below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

#### *HKFRS 16 “Leases”*

HKFRS 16 “Leases” replaces HKAS 17 “Leases” (“HKAS 17”) along with three Interpretations (HK(IFRIC)-Int. 4 “Determining whether an Arrangement contains a Lease” (“HK(IFRIC)-Int 4”), HK(SIC) Int-15 “Operating Leases – Incentives” and HK(SIC) Int-27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”). HKFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting HKFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from HKAS 17 and HK(IFRIC)-Int 4 and has not applied HKFRS 16 to arrangements that were previously not identified as lease under HKAS 17 and HK(IFRIC)-Int 4. The Group has already recognised the prepaid lease payments for leasehold land where the Group is a lessee. The application of HKFRS 16 does not have impact on these assets except for the whole balance is now presented as “Land use rights” under non-current assets.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of HKFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of HKFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

On transition to HKFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognised under HKFRS 16 was 5.35% per annum.

The Group has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

### (ii) Changes in significant accounting policies (continued)

HKFRS 16 "Leases" (continued)

The following is a reconciliation of total operating lease commitments at 31 December 2018 to the opening balance for lease liabilities recognised at 1 January 2019:

	RMB'000
Total operating lease commitments at 31 December 2018 (note 22(b))	1,152,467
Less: commitments relating to lease exempt from capitalisation:	
– short-term lease with remaining lease term ending on or before 31 December 2019	(11,378)
Operating leases liabilities before discounting	1,141,089
Less: discounting using incremental borrowing rate as at 1 January 2019	(341,922)
Total lease liabilities recognised at 1 January 2019	799,167
Classified as:	
Current lease liabilities	110,519
Non-current lease liabilities	688,648
	799,167

The following table summarises the impact of transition to HKFRS 16 on the Group's condensed consolidated statement of financial position at 1 January 2019:

	RMB'000
Increase in right-of-use assets (non-current assets)	799,167
Increase in lease liabilities (current liabilities)	(110,519)
Increase in lease liabilities (non-current liabilities)	(688,648)

The condensed consolidated financial information has been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 31 December 2018, except for the effects of applying HKFRS 16.

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*(continued)*

### (ii) Changes in significant accounting policies *(continued)*

#### *Leases*

##### (a) The Group as a lessee

Applicable from 1 January 2019

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contracts contain an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

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

#### *Measurement and recognition of leases as a lessee*

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability on the condensed consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

Except for those right-of-use assets meeting the definition of investment properties and those relating to a class of property, plant and equipment to which revaluation model was applied, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use assets (except for those meeting the definition of investment properties) for impairment when such indicator exists.



## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*(continued)*

### (ii) Changes in significant accounting policies *(continued)*

*Leases (continued)*

#### (a) The Group as a lessee (continued)

Applicable from 1 January 2019 (continued)

*Measurement and recognition of leases as a lessee (continued)*

At the lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less. Low-value assets comprise IT-equipment and small items of office equipment.

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*(continued)*

### (ii) Changes in significant accounting policies *(continued)*

*Leases (continued)*

#### (a) The Group as a lessee (continued)

Applicable before 1 January 2019

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

*Operating leases*

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight-line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

#### (b) The Group as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

The Group also earns rental income from operating leases of its investment properties. Rental income is recognised on a straight-line basis over the term of the lease.

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

### 3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

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

There have been no material changes in the risk management policies of the Group since year ended 31 December 2018.

#### 3.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by level of the inputs to valuation techniques used to measure fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets that are measured at fair value as at 30 June 2019 and 31 December 2018.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 30 June 2019 (unaudited)</b>				
<b>Financial assets</b>				
Financial assets at fair value through profit of loss ("FVTPL")	252,968	62,048	5,574,418	5,889,434
<b>As at 31 December 2018 (audited)</b>				
<b>Financial assets</b>				
Financial assets at FVTPL	259,477	-	6,646,349	6,895,826

During the six months ended 30 June 2019, there were no transfers between level 1, 2 and 3 during the period (31 December 2018: Financial assets at FVTPL related to investment in equity fund which invest in automobile business amounting to RMB199,131,000 were transferred in level 3 during the year). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the reporting date in which they occur.

### 3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

#### 3.3 Valuation technique used to derive level 1 fair values

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

#### 3.4 Fair value measurements using significant unobservable inputs (level 2)

The reconciliation of the carrying amounts of the Group's financial assets at FVTPL within level 2 of the fair value hierarchy is as follows:

	Unaudited RMB'000
Fair value as at 1 January 2019 (audited)	–
Additions	62,002
Fair value changes	(94)
Exchange realignment	140
Fair value as at 30 June 2019 (unaudited)	62,048

Additions during the six months ended 30 June 2019 mainly represented unlisted managed fund in Hong Kong.

Fair value gain on financial assets at FVTPL of RMB94,000 (six months ended 30 June 2018: nil) was included other gains and (losses), net, in the condensed consolidated statement of profit or loss and other comprehensive income.

The fair value of unlisted managed fund of RMB62,048,000 as at 30 June 2019 (30 June 2018: nil) in Level 2 is determined by reference to the net asset value of these investments prescribed by financial institution.

#### 3.5 Fair value measurements using significant unobservable inputs (level 3)

The reconciliation of the carrying amounts of the Group's financial assets at FVTPL within level 3 of the fair value hierarchy is as follows:

	Unaudited	
	2019 RMB'000	2018 RMB'000
Fair value as at 1 January (audited)	6,636,349	5,086,320
Additions	95,574	949,544
Reclassification	(192,546)	–
Disposals	(964,208)	(12,300)
Fair value changes	11,240	136,937
Disposals through deemed disposals of subsidiaries (note 24)	(11,980)	–
Exchange realignment	(11)	(137)
Fair value as at 30 June (unaudited)	5,574,418	6,160,364

Additions during both of the six months ended 30 June 2019 and 2018 mainly represented unlisted investment fund units in properties development and other businesses in the PRC. Disposals during the six months ended 30 June 2019 represented unlisted investment fund units in properties development and other businesses in the PRC.

Fair value gain on financial assets at FVTPL of RMB11,240,000 (Six months ended 30 June 2018: RMB136,937,000) was included in "Other gains and (losses), net" in the condensed consolidated statement of profit or loss and other comprehensive income.

### 3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

#### 3.5 Fair value measurements using significant unobservable inputs (level 3) *(continued)*

The fair value of financial assets at FVTPL are determined by using the market approach method and discounted cash flow model and binomial option pricing model. The valuation techniques and significant unobservable inputs of the financial assets at FVTPL are as follows:

Valuation techniques	Significant unobservable inputs	Range		Sensitivity relationship of unobservable inputs to fair value
		30 June 2019	31 December 2018	
Market approach method	Price to earnings ratios	6.89 to 36.40	8.26 to 31.22	Increase/(decrease) in price earnings ratio would result in increase/(decrease) in fair value
	Discount for lack of marketability	20%	20%	Increase/(decrease) in discount would result in (decrease)/increase in fair value
Discounted cash flow model and binomial option pricing model	Expected volatility	40.6% to 68.7%	50.4% to 55.5%	Increase/(decrease) in expected volatility would result in increase/(decrease) in fair value
	Discount rate	7.4% to 11.5%	8.5% to 10.5%	Increase/(decrease) in discount rate would result in (decrease)/increase in fair value

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

#### 3.6 Fair values of financial assets and liabilities carried at amortised cost

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2019 and 31 December 2018 except for the following financial instruments, for which their carrying amounts and fair value are disclosed below:

	Unaudited 30 June 2019		Audited 31 December 2018	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Borrowings:				
– Senior Notes (note 17(a))	43,333,603	42,625,740	36,781,870	27,985,607

#### 4. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified as the executive directors of the Company. The executive directors reviewed the Group's internal reporting in order to assess performance and allocate resources. The management has determined the operating segments based on these reports. The executive directors assessed the performance of each single operating segment based on a measure of segment results. Net fair value (loss)/gain on financial assets at FVTPL, net (loss)/gain on repurchase of senior notes, net gain on disposal of financial assets at FVTPL, corporate and other unallocated expenses, finance income, finance costs and income tax expenses are not included in the result for each operating segment.

The CODM identified the segments based on the nature of business operations. Specifically, the CODM assessed the performance of property development, property investment, property management services, hotel and catering operations, cinema, department store and cultural centre operations and water-way passenger and cargo transportation and regarded these being the reportable segments. The Group grouped its healthcare business under others segment which was insignificant to present as a separate segment.

As the CODM of the Group considers most of the revenue and results of the Group are attributable to the market primarily in the PRC, and over 90% of the Group's assets are located in the PRC, no geographical segment information is presented.

Revenue for the period consists of the following:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
Sales of properties		
– Completed properties held for sale	<b>17,985,653</b>	13,984,832
– Properties under development	<b>516,086</b>	–
	<b>18,501,739</b>	13,984,832
Rental income	<b>194,669</b>	126,400
Property management services	<b>375,043</b>	201,814
Hotel and catering operations	<b>100,048</b>	105,441
Cinema, department store and cultural centre operations	<b>139,546</b>	107,184
Water-way passenger and cargo transportation	<b>393,230</b>	362,571
Others	<b>401,720</b>	139,546
	<b>20,105,995</b>	15,027,788

#### 4. REVENUE AND SEGMENT INFORMATION *(continued)*

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2019 is as follows:

	Unaudited							
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Others RMB'000	Total RMB'000
Revenue	18,501,739	261,620	586,887	110,751	175,116	405,555	612,669	20,654,337
Less: Inter-segment revenue	-	(66,951)	(211,844)	(10,703)	(35,570)	(12,325)	(210,949)	(548,342)
Revenue from external customers	18,501,739	194,669	375,043	100,048	139,546	393,230	401,720	20,105,995
Timing of revenue recognition under HKFRS 15								
At a point in time	17,985,653	-	-	-	-	266,180	-	18,251,833
Over time	516,086	-	375,043	100,048	139,546	127,050	401,720	1,659,493
Revenue not in the scope of HKFRS 15	-	194,669	-	-	-	-	-	194,669
	18,501,739	194,669	375,043	100,048	139,546	393,230	401,720	20,105,995
Segment results before provisional gain on deemed disposals of subsidiaries, fair value gain on investment properties and share of results of associates and joint ventures	5,013,338	(216,555)	89,912	(44,516)	(396,957)	115,068	(177,996)	4,382,294
Provisional gain on deemed disposals of subsidiaries (note 24)	979,449	-	-	-	-	-	-	979,449
Share of results of associates	(54,056)	-	-	-	-	-	(9,126)	(63,182)
Share of results of joint ventures (note 13(b))	10,164	-	-	-	-	-	(10,286)	(122)
Fair value gain on investment properties (note 11)	-	390,345	-	-	-	-	-	390,345
Segment results	5,948,895	173,790	89,912	(44,516)	(396,957)	115,068	(197,408)	5,688,784
Net fair value loss on financial assets at FVTPL (note 6)								(33,809)
Net loss on repurchase of senior notes (note 6)								(63,477)
Net gain on disposal of financial assets at FVTPL (note 6)								241,915
Corporate and other unallocated expenses								(187,650)
Finance income								224,226
Finance costs								(577,865)
Finance costs – net (note 7)								(353,639)
Profit before income tax								5,292,124
Income tax expenses (note 8)								(2,514,984)
Profit for the period								2,777,140

#### 4. REVENUE AND SEGMENT INFORMATION *(continued)*

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2018 is as follows:

	Unaudited							
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Others RMB'000	Total RMB'000
Revenue	13,984,832	169,341	448,980	117,682	115,408	366,470	484,859	15,687,572
Less: Inter-segment revenue	-	(42,941)	(247,166)	(12,241)	(8,224)	(3,899)	(345,313)	(659,784)
Revenue from external customers	13,984,832	126,400	201,814	105,441	107,184	362,571	139,546	15,027,788
Timing of revenue recognition under HKFRS 15								
At a point in time	13,984,832	-	-	-	-	248,404	-	14,233,236
Over time	-	-	201,814	105,441	107,184	114,167	139,546	668,152
Revenue not in the scope of HKFRS 15	-	126,400	-	-	-	-	-	126,400
	13,984,832	126,400	201,814	105,441	107,184	362,571	139,546	15,027,788
Segment results before provisional gain on deemed disposals of subsidiaries, fair value gain on investment properties and share of results of associates and joint ventures	3,462,177	71,183	46,325	(38,775)	(247,885)	171,636	(299,546)	3,165,115
Provisional gain on deemed disposals of subsidiaries (note 24)	1,994,891	-	-	-	-	-	-	1,994,891
Share of results of associates	(54,659)	-	-	-	-	-	(564)	(55,223)
Share of results of joint ventures (note 13(b))	32,732	-	-	-	-	-	502	33,234
Fair value gain on investment properties (note 11)	-	134,806	-	-	-	-	-	134,806
	5,435,141	205,989	46,325	(38,775)	(247,885)	171,636	(299,608)	5,272,823
Net fair value gain on financial assets at FVTPL (note 6)								103,515
Net gain on repurchase of senior notes (note 6)								142,745
Corporate and other unallocated expenses								(322,506)
Finance income								106,152
Finance costs								(730,108)
Finance costs – net (note 7)								(623,956)
Profit before income tax								4,572,621
Income tax expenses (note 8)								(2,340,530)
Profit for the period								2,232,091



#### 4. REVENUE AND SEGMENT INFORMATION *(continued)*

The segment assets and liabilities as at 30 June 2019 are as follows:

	Unaudited								
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	510,040,747	43,356,948	3,971,458	4,540,677	3,041,637	27,374,244	5,050,986	(347,086,328)	250,290,369
Unallocated									8,723,077
									259,013,446
Segment liabilities	407,925,814	7,039,357	2,652,426	4,058,249	4,155,210	19,285,688	6,875,089	(318,688,503)	133,303,330
Unallocated									80,831,409
									214,134,739

The segment assets and liabilities as at 31 December 2018 are as follows:

	Audited								
	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Water-way passenger and cargo transportation RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	426,400,365	37,780,959	4,058,636	4,290,435	2,376,480	24,518,165	1,262,151	(280,473,611)	220,213,580
Unallocated									8,814,460
									229,028,040
Segment liabilities	331,132,956	6,623,833	2,426,885	3,965,223	3,274,999	17,578,090	3,348,064	(252,153,763)	116,196,287
Unallocated									76,492,441
									192,688,728

For the six months ended 30 June 2019 and 2018, none of the Group's customer accounted for more than 10% of the Group's total revenue.

Sales between segments are carried out at agreed terms amongst relevant parties. The revenue from external parties reported to the management is measured in a manner consistent with that in the profit or loss.

There is no change in the basis of segmentation or basis of measurement of segment profit or loss for the six months ended 30 June 2019.

Segment assets consist primarily of all assets excluding right-of-use assets, financial assets at FVTPL, deferred tax assets and prepaid taxes.

Segment liabilities consist primarily of all liabilities excluding lease liabilities, deferred tax liabilities, income tax payable and corporate borrowings.

## 5. EXPENSES BY NATURE

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

	Unaudited Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Auditor's remuneration	2,500	2,500
Advertising and other promotional costs	275,101	165,079
Agency fee	246,628	93,001
Amortisation of land use rights (note 11)	9,079	6,112
Amortisation of intangible assets (note 15)	139,371	88,773
Bank charges	27,175	21,197
Business taxes/value-added taxes	111,131	138,037
Cost of properties sold	12,027,806	9,527,356
Depreciation		
– Property, plant and equipment (note 11)	130,202	84,907
– Right-of-use assets	72,097	–
Direct operating expenses arising from		
– Property investment	128,637	18,310
– Property management services	227,953	100,854
– Hotel and catering operations	24,098	32,674
– Cinema, department store and cultural centre operations	96,233	143,224
– Water-way passenger and cargo transportation	280,746	223,730
Donations	154,960	45,358
Entertainment	43,118	32,843
Legal and professional fees	141,572	88,057
Office expenses	67,413	71,154
Operating lease rental	–	31,250
Others	375,693	270,581
Staff costs – including directors' emoluments	852,470	848,583
Travelling	18,603	21,043
	<b>15,452,586</b>	<b>12,054,623</b>

## 6. OTHER GAINS AND (LOSSES), NET

	Unaudited Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Dividend income from		
– financial assets at FVTPL	23,257	21,162
Forfeited customer deposits	887	3,484
Government subsidy income (note)	18,565	357,581
Loss on disposal of investment properties	(221,000)	–
Loss on disposal of deposits for land acquisitions	(52,038)	–
Net (loss)/gain on repurchase of senior notes (note 17(a))	(63,477)	142,745
Net gain on disposal of financial assets at FVTPL	241,915	–
Provision for expected credit loss (note 14(d))	(157,661)	(129,679)
Net fair value (loss)/gain on financial assets at FVTPL	(33,809)	103,515
Net gain/(loss) on disposal of property, plant and equipment	8,272	(261)
Others	6,663	8,616
Write-down of completed properties held for sale and properties under development	(85,710)	(390,962)
Write off of intangible assets (note 15)	–	(497)
	<b>(314,136)</b>	115,704

Note: The amount represented the subsidies received from the local government bureau in the PRC. There was no unfulfilled conditions and other contingencies attached to the receipts of subsidies.

## 7. FINANCE COSTS – NET

	Unaudited Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
<b>Finance income</b>		
Interest income on bank deposits	100,943	69,822
Interest income from associates	3,337	36,330
Interest income from loans to third parties	119,946	-
	<b>224,226</b>	106,152
<b>Finance costs</b>		
Interest expense:		
– Bank and other borrowings	2,591,497	2,922,589
– Senior Notes (note 17(a))	2,273,703	1,436,760
– Convertible bonds (note 17(b))	39,608	-
– Lease liabilities	33,824	-
Total interest expenses	4,938,632	4,359,349
Less: interests capitalised (note)	(4,472,214)	(4,048,415)
	<b>466,418</b>	310,934
Net exchange losses	111,447	419,174
	<b>577,865</b>	730,108
<b>Finance costs – net</b>	<b>(353,639)</b>	(623,956)

Note: The capitalisation rate of borrowings is 9.05% (Six months ended 30 June 2018: 12.82%) for the period.

## 8. INCOME TAX EXPENSES

	Unaudited Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Current income tax		
– PRC enterprise income tax	1,219,125	1,373,948
– PRC land appreciation tax	1,344,731	914,620
Deferred tax	(48,872)	51,962
	<b>2,514,984</b>	<b>2,340,530</b>

Income tax expense for the six months ended 30 June 2019 and 2018 is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

### Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted Company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from Cayman Islands income tax. The group companies in British Virgin Islands ("BVI") were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, is exempted from British Virgin Islands income tax.

### Hong Kong profits tax

No Hong Kong profits tax was provided for the six months ended 30 June 2019 and 2018 as the Group has no assessable profits arising in or derived from Hong Kong for the periods.

### PRC withholding income tax

According to the Corporate Income Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be received on the immediate holding companies outside the PRC where their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

### PRC enterprise income tax

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (Six months ended 30 June 2018: 25%).

### PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land use rights and all property development expenditures.

## 9. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Profit attributable to owners of the Company (RMB'000)	2,837,222	1,704,082
Weighted average number of ordinary shares in issue	6,074,558,089	6,064,446,329
Basic earnings per share (RMB)	0.467	0.281

The calculation of basic earnings per share is based on the Group's profit attributable to owners of the Company of RMB2,837,222,000 (unaudited) (Six months ended 30 June 2018: RMB1,704,082,000 (unaudited)) and the weighted average number of 6,074,558,089 (Six months ended 30 June 2018: 6,064,446,329) ordinary shares, after adjusting for the issue of shares on exercise of share options during the period.

### (b) Diluted

	Unaudited Six months ended 30 June	
	2019	2018
Profit attributable to owners of the Company (RMB'000)	2,837,222	1,704,082
Effect of dilutive potential ordinary shares:		
– Interest on convertible bonds (RMB'000)	39,650	–
	2,876,872	1,704,082
Weighted average number of ordinary shares in issue	6,074,558,089	6,064,446,329
Effect of issue of shares under:		
– Adjustment for share options scheme	34,001,363	107,993,528
– Adjustment for convertible bonds	156,600,000	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	6,265,159,452	6,172,439,857
Diluted earnings per share (RMB)	0.459	0.276

Diluted earnings per share for the six months ended 30 June 2019 is calculated based on the weighted average number of ordinary shares outstanding adjusted to assume conversion or exercise of all dilutive potential ordinary shares.

## 9. EARNINGS PER SHARE *(continued)*

### (b) Diluted *(continued)*

The Company's dilutive potential ordinary shares consist of share options and convertible bonds. For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average semi-annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise in full of the share options and conversion of convertible bonds.

## 10. DIVIDENDS

	Unaudited Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
<b>(i) Dividends attributable to the period</b>		
2019 interim dividends declared of HK\$0.03 (2018: HK\$0.03) per share	<b>165,961</b>	153,530
<b>(ii) Dividends attributable to the previous financial year, approved during the period</b>		
Final dividend in respect of the previous financial year, approved during the following interim period, of HK\$0.09 per share (Six months ended 30 June 2018: HK\$0.118 per share)	<b>478,683</b>	603,729

A final dividend in respect of the year ended 31 December 2018 of HK9 cents (equivalent to RMB7.89 cents) per share was approved at the annual general meeting on 14 June 2019 (Six months ended 30 June 2018: A final dividend in respect of the year ended 31 December 2017 of HK11.8 cents (equivalent to RMB9.95 cents) per share with a scrip dividend alternative was approved at the annual general meeting on 11 June 2018). The aggregate amount of final dividend declared from share premium of the Company amounted to HK\$546,317,000 (equivalent to approximately RMB478,683,000). (Six months ended 30 June 2018: HK\$716,082,000 (equivalent to approximately RMB603,729,000)).

The Board recommended to declare an interim dividend of HK3.0 cents (equivalent to RMB2.53 cents) per share for the six months ended 30 June 2019. The aggregate amount of interim dividend proposed to be declared from share premium of the Company amounted to HK\$182,495,000 (equivalent to approximately RMB165,961,000) (Six months ended 30 June 2018: HK\$182,102,000 (equivalent to approximately RMB153,530,000)). Such dividend is to be approved by the shareholders at the forthcoming extraordinary general meeting. The condensed consolidated financial information does not reflect this dividend payable.

## 11. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND LAND USE RIGHTS

	Unaudited		
	Property, plant and equipment RMB'000	Investment properties RMB'000 (note)	Land use rights RMB'000
<b>Six months ended 30 June 2019</b>			
Opening net carrying amount as at 1 January 2019 (audited)	3,055,880	35,930,000	669,078
Acquisitions of subsidiaries (note 23)	93,644	-	13,600
Additions	172,545	326,796	-
Amortisation (note 5)	-	-	(9,079)
Depreciation (note 5)	(130,202)	-	-
Deemed disposals of subsidiaries (note 24)	(2,539)	(560,000)	-
Disposals	(41,371)	(332,141)	-
Increase in fair value	-	390,345	-
Exchange realignment	467	-	-
Closing net carrying amount as at 30 June 2019 (unaudited)	<b>3,148,424</b>	<b>35,755,000</b>	<b>673,599</b>

	Unaudited		
	Property, plant and equipment RMB'000	Investment properties RMB'000 (note)	Land use rights RMB'000
<b>Six months ended 30 June 2018</b>			
Opening net carrying amount as at 1 January 2018 (audited)	2,551,580	32,025,830	395,815
Acquisitions of subsidiaries (note 23(b))	346	-	-
Additions	90,781	1,315,464	-
Transfer from completed properties held for sale	263,565	-	10,018
Amortisation (note 5)	-	-	(6,112)
Depreciation (note 5)	(84,907)	-	-
Deemed disposal of subsidiaries (note 24)	(1,089)	-	-
Disposals	(261)	-	-
Increase in fair value	-	134,806	-
Exchange realignment	1,388	-	-
Closing net carrying amount as at 30 June 2018 (unaudited)	<b>2,821,403</b>	<b>33,476,100</b>	<b>399,721</b>

Notes:

The fair value of the Group's investment properties in the PRC had been arrived at on the basis of valuation carried out on that date by Savills Valuation and Professional Services Limited, an independent and professionally qualified valuer. For all investment properties, their current use equates to the highest and best use.



## 11. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND LAND USE RIGHTS *(continued)*

### Valuation techniques

#### *Fair value measurements using significant unobservable inputs*

Fair values of completed commercial properties are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' estimates of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Fair values of commercial properties under development are generally derived using the combination of direct comparison method by making reference to the comparable market transactions for the land portion as available in the market and the income capitalisation method by capitalising market rent derived from the properties. This valuation method is essentially a means of valuing the land and properties under development by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

There were no changes to the valuation techniques during the period.

#### *Significant inputs used to determine fair value*

Completed commercial properties:

	Unaudited 30 June 2019		Audited 31 December 2018	
	Commercial	Carpark	Commercial	Carpark
Capitalisation rate	2.5% – 6.5%	6.5%	3.0% – 6.5%	6.5%
Expected vacancy rate	0% – 5%	N/A	0% – 5%	N/A
Monthly rental	RMB26-606 per sq.m.	RMB2,300 per number	RMB26-590 per sq.m.	RMB2,500 per number

Capitalisation and discount rates are estimated by the valuer based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

## 11. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND LAND USE RIGHTS *(continued)*

### Valuation techniques *(continued)*

Significant inputs used to determine fair value *(continued)*

Commercial properties under development:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Term yield and revisionary yield	4.35% – 4.75%	4.35% – 4.75%
Budgeted construction cost (RMB/sq. m.)	320 – 6,152	197 – 6,152
Anticipated developer's profit margin	10% – 20%	5% – 20%

The higher the term yield and revisionary yield, the lower the fair value.

Estimated costs to complete per square meter and developer's profit margin required are estimated by the valuer based on market conditions at the reporting dates. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The higher the costs, the lower the fair value.

As at 30 June 2019 and 31 December 2018, the fair value measurement of the Group's investment properties is categorised at level 3. During the six months ended 30 June 2019 and 2018, there were no transfer into or out of level 3.

## 12. RIGHT-OF-USE ASSETS

Upon initial application of HKFRS 16, the right-of-use assets represented leases of staff quarters, offices and items of office equipment in Hong Kong and PRC.

## 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

### (a) investments in associates

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Cost of investments in associates, less accumulated impairment		
– Listed	4,194,260	2,020,256
– Unlisted	7,942,627	4,843,875
Share of post-acquisition profit and other comprehensive income, net of dividend received	145,432	208,691
	<b>12,282,319</b>	<b>7,072,822</b>

### 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD *(continued)*

#### (a) investments in associates *(continued)*

Movements of investments in associates during the six months ended 30 June 2019 are as follows:

	Unaudited Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
At 1 January	7,072,822	5,284,835
Additions (note)	5,134,006	49,877
Transfer from subsidiaries (note 24)	-	20,004
Capital injection to associates	138,750	127,630
Share of results of associates	(63,259)	(55,223)
At 30 June	12,282,319	5,427,123

Note: On 28 November 2017, the Group had entered into an agreement with an independent third party to acquire 50,621,064 shares in Zhenxing Biopharmaceutical & Chemical Co., Ltd. ("Zhenxing Biopharmaceutical") at the consideration of RMB2,186,830,000. Zhenxing Biopharmaceutical is listed in Shenzhen Stock Exchange. Zhenxing Biopharmaceutical is engaged in research, development, production and sales of blood products.

During the six months ended 30 June 2019, the transfer of shares had been completed and the directors considered the Group can exercise significant influence over Zhenxing Biopharmaceutical and recognised Zhenxing Biopharmaceutical as an associate.

The Group further acquired 343,111 shares at the consideration of RMB10,022,000. As at 30 June 2019, the Group had 18.70% equity interest in Zhenxing Biopharmaceutical.

In addition, the Group entered into a cooperation agreement with an independent third party to set up a company, namely Fuzhou Jinpeng Property Development Co., Ltd. ("Fuzhou Jinpeng") to obtain development projects for redevelopment. The Group and the independent third party contributed RMB2,499,000,000 and RMB2,601,000,000 to Fuzhou Jinpeng, respectively. The Group had 49% equity interest in Fuzhou.

The remaining additions represented investments in a number of property development companies together with certain third parties.

#### (b) investments in joint ventures

Movements of investments in joint ventures during the six months ended 30 June 2019 are as follows:

	Unaudited Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
<b>Unlisted investments</b>		
At 1 January	8,677,152	6,818,118
Additions	-	30,600
Transfer from subsidiaries (note 24)	1,322,702	631,270
Capital injection to joint venture (note)	975,808	500
Share of results of joint ventures	(122)	33,234
At 30 June	10,975,540	7,513,722

Note: The Group entered into an agreement with the other investor to inject capital into a joint venture, Guangdong Jiasheng Property Development Co., Ltd. The Group contributed RMB975,808,000 to the joint venture during the six months ended 30 June 2019.

## 14. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Trade debtors – net (note a)	1,243,314	1,009,283
Other receivables (note b)	8,023,303	7,021,735
Other deposits (note b)	6,656,768	2,973,288
Prepayments (note c)	4,582,888	3,542,639
Prepaid other taxes	3,396,733	2,514,359
Restricted deposit for borrowings from non-financial institution (note b)	1,960,293	1,969,293
Amounts due from associates (note b)	2,057,577	4,045,190
Amounts due from joint ventures (note b)	2,478,202	891,612
Amount due from non-controlling interest of a subsidiary (note b)	681,237	1,045,318
	<b>29,837,001</b>	24,003,434
Less: allowance for impairment (note d)	<b>(921,946)</b>	(759,694)
Deposits, prepayments and other receivables – net	<b>28,915,055</b>	23,243,740
Total debtors, deposits and other receivables – net	<b>30,158,369</b>	24,253,023
Less: non-current portion		
Other receivables (note b(i))	<b>(553,500)</b>	(744,046)
Other deposits (note b(ii))	<b>(3,521,412)</b>	(908,806)
Non-current portion	<b>(4,074,912)</b>	(1,652,852)
Current portion	<b>26,083,457</b>	22,600,171

## 14. DEBTORS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Notes:

- (a) Trade debtors mainly arise from sales of properties and properties under development. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements. The ageing analysis of trade debtors based on contractual terms as at the respective reporting dates is as follows:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Within 90 days	683,073	730,411
Over 90 days but within 180 days	102,553	24,598
Over 180 days but within 270 days	301,778	50,376
Over 270 days but within 365 days	5,935	5,841
Over 365 days	168,854	221,527
	<b>1,262,193</b>	1,032,753
Less: allowance for impairment (note d)	<b>(18,879)</b>	(23,470)
	<b>1,243,314</b>	1,009,283

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2019, a provision of RMB18,879,000 (unaudited) was made against the gross amount of trade debtors (31 December 2018: RMB23,470,000 (audited)).

Generally, no credit terms were granted to the customers of residential properties. There is no concentration of credit risk with respect to trade debtors as the Group has a large number of customers.

Included in the Group's trade debtors of RMB270,264,000 (unaudited) (31 December 2018: RMB408,243,000 (audited)) were not yet due.

The balances mainly represented receivables from sales of commercial and residential properties and properties under development to independent third parties. These receivables were repayable within six to nine months after completion of certain legal documents, which were expected to be settled during the year.

## 14. DEBTORS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Notes: *(continued)*

(b) Details of deposits and other receivables are as follows:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Other receivables (note (i))	8,023,303	7,021,735
Other deposits (note (ii))	6,656,768	2,973,288
Restricted deposit for borrowings from non-financial institution (note (iii))	1,960,293	1,969,293
Amounts due from associates (note (iv))	2,057,577	4,045,190
Amounts due from joint ventures (note (iv))	2,478,202	891,612
Amount due from non-controlling interest of a subsidiary (note (iv))	681,237	1,045,318
	<b>21,857,380</b>	17,946,436
Less: allowance for impairment (note d)	<b>(921,946)</b>	(759,694)
Deposits and other receivables – net	<b>20,935,434</b>	17,186,742

- (i) Deposits and other receivables mainly included deposits, bills receivables, amounts to be refunded by the government in relation to the land acquisition in the PRC, and advances to third parties. As at 30 June 2019, there are other receivables amounting to RMB973,512,000 (unaudited) (31 December 2018: RMB1,370,176,000 (audited)) are unsecured, carry at interest rates ranging from 3.8% to 12% (unaudited) (31 December 2018: 3.8% to 12% (audited)) per annum. Included in other receivables, those which are repayable over 1 year amounting to RMB553,500,000 (unaudited) (31 December 2018: RMB744,046,000 (audited)) are classified as non-current assets.
- (ii) Other deposits represented deposits for acquisitions of subsidiaries amounted to RMB3,438,844,000 (unaudited) (31 December 2018: RMB279,040,000 (audited)), acquisition of an associate: nil (unaudited) (31 December 2018: RMB629,766,000 (audited)), acquisition of property, plant and equipment amounted to RMB82,568,000 (unaudited) (31 December 2018: nil (audited)), refundable deposit to redevelopment project partner for the purpose of the project amounted to RMB800,932,000 (unaudited) (31 December 2018: RMB936,826,000 (audited)) and other deposits amounted to RMB2,334,424,000 (unaudited) (31 December 2018: RMB1,127,656,000 (audited)).
- (iii) The amount represented non-interest bearing restricted deposit for borrowings from non-financial institution.
- (iv) The amounts are unsecured, interest free and repayable on demand, and expected to be recovered within 12 months from the reporting date and is therefore classified as current asset.
- (v) The carrying amounts of the Group's receivables are mainly denominated in RMB and USD.

## 14. DEBTORS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Notes: *(continued)*

- (c) Prepayments mainly represented prepayments of purchase of construction of materials and services.
- (d) Impairment losses in respect of debtors, deposits and other receivables (excluding prepayments and prepaid other taxes) are recorded using an allowance account unless the Group is satisfied that recovery of the amounts are remote, in which case the impairment losses are written off against debtors, deposits and other receivables (excluding prepayments and prepaid other taxes) directly. The movement in the allowance for impairment of debtors, deposits and other receivables (excluding prepayments and prepaid other taxes) is as follows:

	Trade debtors RMB'000 (note a)	Deposits and other receivables (excluding prepayments and prepaid other taxes) RMB'000 (note b)	Total RMB'000
<b>Six months ended 30 June 2019</b>			
Opening loss allowance as at 1 January 2019 (audited)	23,470	759,694	783,164
(Reversal)/Provision for loss allowance recognised in profit or loss during the period (note 6)	(4,591)	162,252	157,661
Closing loss allowance as at 30 June 2019 (unaudited)	18,879	921,946	940,825
<b>Six months ended 30 June 2018</b>			
Opening loss allowance as at 1 January 2018 (audited)	27,915	225,917	253,832
(Reversal)/Provision for loss allowance recognised in profit or loss during the period (note 6)	(20,466)	150,145	129,679
Closing loss allowance as at 30 June 2018 (unaudited)	7,449	376,062	383,511

- (e) As at 30 June 2019, the gross carrying amount of debtors, deposits and other receivables (excluding prepayments and prepaid other taxes) was RMB23,119,573,000 (unaudited) (31 December 2018: RMB18,979,189,000 (audited)) and thus the maximum exposure to loss was RMB23,119,573,000 (unaudited) (31 December 2018: RMB18,979,189,000 (audited)). The Group made no write-off of debtors, deposits and other receivables (excluding prepayments) during the period.

## 15. GOODWILL AND INTANGIBLE ASSETS

Unaudited

	Unaudited							Total RMB'000
	Goodwill RMB'000 (note a)	Contracts with sports players RMB'000 (note b)	Trademarks and patent RMB'000 (note c)	Customer relationship RMB'000 (note c)	Technology RMB'000 (note c)	Distribution network RMB'000 (note c)	Others RMB'000	
<b>Six months ended 30 June 2019</b>								
Net carrying amount as at 1 January 2019 (audited)	332,379	234,870	21,483	51,292	6,096	452,589	6,579	1,105,288
Acquisitions of subsidiaries (note 23(b))	224,454	-	444,824	149,990	-	-	-	819,268
Additions	-	200,559	-	-	-	-	-	200,559
Amortisation-expensed in administrative expenses (note 5)	-	(103,437)	(1,063)	(11,090)	(1,172)	(22,405)	(204)	(139,371)
Net carrying amount as at 30 June 2019 (unaudited)	556,833	331,992	465,244	190,192	4,924	430,184	6,375	1,985,744

Unaudited

	Unaudited							Total RMB'000
	Goodwill RMB'000 (note a)	Contracts with sports players RMB'000 (note b)	Trademarks and patent RMB'000 (note c)	Customer relationship RMB'000 (note c)	Technology RMB'000 (note c)	Distribution network RMB'000 (note c)	Others RMB'000	
<b>Six months ended 30 June 2018</b>								
Net carrying amount as at 1 January 2018 (audited)	332,379	276,823	23,600	59,700	8,440	497,400	7,895	1,206,237
Additions	-	46,422	-	-	-	-	-	46,422
Written off (note 6)	-	(497)	-	-	-	-	-	(497)
Amortisation-expensed in administrative expenses (note 5)	-	(58,964)	(1,073)	(4,264)	(1,206)	(22,609)	(657)	(88,773)
Net carrying amount as at 30 June 2018 (unaudited)	332,379	263,784	22,527	55,436	7,234	474,791	7,238	1,163,389



## 15. GOODWILL AND INTANGIBLE ASSETS *(continued)*

Notes:

- (a) The Group's goodwill arose from business combinations in connection with the acquisitions of (i) Kaisa Health Group Holdings Limited, (ii) Fujian Jianke Insurance Brokers Co. Ltd.\*; (iii) Shenzhen Qijia Internet Technology Co. Ltd.\*; (iv) Shanghai Yitao Sports Culture Communication Co. Ltd.\* and its subsidiary; (v) Shenzhen Football Club Co. Ltd, (vi) Qinghai Pharmaceutical Co., Ltd.\* ("Qinghai Pharmaceutical") (note 23(b)) and (vii) Jiaxing Dashu Property Management Company Limited\* ("Jiaxing Dashu") and its subsidiaries ("Jiaxing Dashu Group") (note 23(b)).

\* The English translation of the name of the companies established in the PRC is for reference only. The official name of these companies are in Chinese.

- (b) The amounts represent the costs to acquire sports players' contracts or to extend their contracts, including the related agent's fees. The amortisation period ranged from 1 to 4 years.
- (c) During the six months ended 30 June 2019, the trademarks and patent, customer relationship arising from the acquisitions of Qinghai Pharmaceutical and Jiaxing Dashu Group were measured at their fair values at their date of acquisitions of Qinghai Pharmaceutical and Jiaxing Dashu Group, i.e. March 2019 and April 2019 respectively. The valuation of the intangible assets of Qinghai Pharmaceutical and Jiaxing Dashu Group are performed by Hong Kong Appraisal Advisory Limited and Jones Lang LaSalle Cooperate Appraisal and Advisory Limited respectively, independent professional valuers not related to the Group. The fair values of these intangible assets at the acquisitions were determined based on income approach by estimating the future income arising from these intangible assets and cost approach by reference to the financial information provided by the Group.

## 16. LEASE LIABILITIES

	Unaudited 30 June 2019 RMB'000
Total minimum lease payments:	
Due within one year	206,057
Due in the second to fifth years	567,495
Due after the fifth years	924,238
	<b>1,697,790</b>
Future finance charges on leases liabilities	<b>(477,234)</b>
	<b>1,220,556</b>
Present value of leases liabilities	
Present value of minimum lease payments:	
Due within one year	147,057
Due in the second to fifth years	373,434
Due after the fifth years	700,065
	<b>1,220,556</b>
Less:	
Portion due within one year included under current liabilities	<b>(143,533)</b>
	<b>1,077,023</b>
Portion due after one year included under non-current liabilities	

## 17. BORROWINGS

	Notes	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Borrowings included in current liabilities:			
Senior Notes	(a)	6,535,462	2,963,540
Bank borrowings – secured	(c)	3,112,441	2,893,985
Bank borrowings – unsecured	(c)	1,670,485	1,629,373
Other borrowings – secured	(c)	8,178,808	4,490,557
Other borrowings – unsecured	(c)	2,367,024	3,638,908
Loan from a related company	(d)	108,781	108,781
Loans from associates	(e)	473,500	1,240,550
		<b>22,446,501</b>	16,965,694
Borrowings included in non-current liabilities:			
Senior Notes	(a)	39,821,854	36,763,326
Convertible Bonds	(b)	672,849	–
Bank borrowings – secured	(c)	38,810,752	34,902,751
Bank borrowings – unsecured	(c)	2,215,000	6,510,020
Other borrowings – secured	(c)	10,243,250	12,407,961
Other borrowings – unsecured	(c)	1,328,000	1,216,200
		<b>93,091,705</b>	91,800,258
Total borrowings		<b>115,538,206</b>	108,765,952

## 17. BORROWINGS *(continued)*

Notes:

(a) Senior Notes

	Audited 31 December 2018	New issuance	Repurchase	Unaudited 30 June 2019
Par value				
2019 12% Notes (US\$'000)	300,000	-	-	<b>300,000</b>
2020 7.25% Notes (US\$'000)	790,000	-	(250,000)	<b>540,000</b>
2021 7.875% Notes (US\$'000)	575,000	-	-	<b>575,000</b>
2021 11.75% Notes (US\$'000)	-	400,000	-	<b>400,000</b>
2022 8.5% Notes (US\$'000)	1,147,000	-	-	<b>1,147,000</b>
2022 11.25% Notes (US\$'000)	-	350,000	-	<b>350,000</b>
2023 11.5% Notes (US\$'000)	-	400,000	-	<b>400,000</b>
2024 9.375% Notes (US\$'000)	3,051,500	-	-	<b>3,051,500</b>
<b>Total (US\$'000)</b>	<b>5,863,500</b>	<b>1,150,000</b>	<b>(250,000)</b>	<b>6,763,500</b>
Amortised cost (US\$'000)	5,640,069	-	-	<b>6,594,335</b>
Par value				
2019 6.1% Private Notes (HK\$'000)	1,162,000	-	-	<b>1,162,000</b>
Amortised cost (HK\$'000)	1,161,773	-	-	<b>1,163,168</b>
<b>Total amortised cost (RMB'000)</b>	<b>39,726,866</b>	<b>-</b>	<b>-</b>	<b>46,357,316</b>

The Company issued 11.75% senior notes due 2021 with an aggregate principal amount of US\$400,000,000 (equivalent to approximately RMB2,733,393,000) at 99.567% of the face value ("2021 11.75% Notes") in February 2019, 11.25% senior notes due 2022 with an aggregate principal amount of US\$350,000,000 (equivalent to approximately RMB2,349,419,000) at 99.69% of the face value ("2022 11.25% Notes") in April 2019, and 11.5% senior notes due 2023 with an aggregate principal amount of US\$400,000,000 (equivalent to approximately RMB2,681,738,000) at 99.567% of the face value ("2023 11.5% Notes") in May 2019. The effective interest rate of the 2021 11.75% Notes, 2022 11.25% Notes and 2023 11.5% Notes are 12.31%, 11.54% and 11.7% per annum after the adjustment for transactions costs of RMB29,713,000, RMB25,788,000 and RMB29,730,000 respectively.

## 17. BORROWINGS *(continued)*

Notes: *(Continued)*

(a) Senior Notes *(Continued)*

The major terms and conditions of the senior notes include redemption at the option of the Company and the repurchase of the senior notes upon a change of control. The estimated fair value of the embedded derivative of the early redemption and repurchase rights are insignificant to recognise at initial recognition.

The weighted average effective interest rate of the above senior notes is 10.85% (unaudited) (31 December 2018: 10.15% (audited)) per annum.

Except for the 2019 6.1% Private Notes, all of above senior notes are listed on the Singapore Exchange Securities Trading Limited.

The above senior notes are secured by the pledge of shares of the Group's subsidiaries incorporated outside the PRC, and are jointly and severally guaranteed by certain subsidiaries of the Group.

The movement of the senior notes is as follow:

	Unaudited RMB'000
<b>Six months ended 30 June 2019</b>	
Carrying amount as at 1 January 2019 (audited)	39,726,866
Accrued interests (note 7)	2,273,703
Interests paid	(1,825,920)
Senior notes recognised	7,764,550
Transaction costs	(85,231)
Repurchase of senior notes	(1,683,375)
Exchange differences	186,723
<b>Carrying amount as at 30 June 2019 (unaudited)</b>	<b>46,357,316</b>

During the six-month period ended 30 June 2019, the Company repurchased US\$250,000,000 of the 2020 7.25% Notes (equivalent to approximately RMB1,683,375,000), resulted a loss on repurchase of senior notes of approximately RMB63,477,000 (note 6).

## 17. BORROWINGS *(continued)*

Notes: *(Continued)*

(b) Convertible Bonds

On 14 January 2019, the Company issued 10.5% convertible bonds at an aggregate principal amount of US\$100,000,000 (equivalent to approximately RMB687,920,000) (the "Convertible Bonds") which will be matured on 14 July 2021 (the "Maturity Date"). The Convertible Bonds are denominated in United States dollars and are secured by the shares of the Company and certain subsidiaries of the Group. The Convertible Bonds entitle the holders to convert them into ordinary shares of the Company at any time starting from 41 days after the date of issue of the Convertible Bonds to 10 days before the Maturity Date at a conversion price of HK\$5 per share (translated into HK\$ at a fixed rate of exchange equal to US\$1.00: HK\$7.83) subject to antidilutive adjustments. Neither the Company nor the holders of the Convertible Bonds may demand early redemption. The Convertible Bonds bears interest at 10.5% per annum on the outstanding principal amount and would be payable semi-annually in arrears until the Convertible Bonds are converted or matured. No Convertible Bonds had ever been converted prior to the Maturity Date.

The fair value of the liability component on initial recognition was derived from present value of future cash flows discounted at the effective interest rate of 13.5% per annum.

The movement of the Convertible Bonds for the period is set out below:

	Unaudited RMB'000
At the date of issuance	687,920
Transaction costs	(11,007)
Interest expense (note 7)	39,608
Exchange difference	(43,672)
As at 30 June 2019 (unaudited)	<b>672,849</b>

## 17. BORROWINGS *(continued)*

Notes: *(Continued)*

(c) Bank and other borrowings

The Group's bank and other borrowings of RMB60,345,251,000 (unaudited) (31 December 2018: RMB54,695,254,000 (audited)) were jointly secured by certain properties, investment properties, land use rights, properties under development, completed properties held for sales of the Group and certain shares of Group's subsidiaries and associates.

The pledged assets for the Group's bank and other borrowings are as follows:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Property, plant and equipment	801,751	830,432
Investment properties	19,578,596	19,365,268
Land use rights	49,800	268,675
Properties under development	41,859,788	43,079,449
Completed properties held for sale	7,140,622	7,267,213
Short-term bank deposits	200,000	200,000
Restricted cash	561,736	2,916,332
	<b>70,192,293</b>	<b>73,927,369</b>

The Group's bank and other borrowings are guaranteed by certain subsidiaries of the Group:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Group companies		
– guaranteed and secured by the Group's assets	56,364,801	50,973,305
– guaranteed by the Company	5,030,160	10,192,532
	<b>61,394,961</b>	<b>61,165,837</b>

(d) Loan from a related company

The amount due is unsecured, carrying interest rate at 12.0% (unaudited) (31 December 2018: 12.0% (audited)) per annum. The related company is controlled by a substantial shareholder of the Company.

(e) Loans from associates

The amounts due to associates are unsecured, carry interest rates ranging from 9.5% to 14.0% (unaudited) (31 December 2018: 4.35% to 12.5% (audited)) per annum and repayable within one year.

## 18. OTHER PAYABLES

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Other payables and accruals (note a)	9,690,988	8,731,821
Accrued interest	1,141,025	966,236
Accrued staff costs	84,514	299,257
Bills payables	727,078	795,197
Consideration payables related to acquisitions of subsidiaries	662,844	1,749,902
Consideration payables related to acquisitions of associate and joint ventures	1,708,500	1,178,500
Consideration payables related to acquisitions of financial assets at FVTPL	1,230,377	1,441,772
Deed tax and other taxes payables	1,139,126	877,287
Deposits received	404,039	295,861
Dividend payable	484,458	-
Amounts due to associates (note b)	2,600,505	1,018,000
Amounts due to joint ventures (note b)	5,892,157	2,246,498
Amounts due to non-controlling interests of subsidiaries (note b)	116,873	316,931
	<b>25,882,484</b>	<b>19,917,262</b>

Notes:

- (a) Other payables and accruals mainly included deposits received from construction companies, accrued operating expenses and advance from third parties for operations and amounts due to former shareholders in relation to newly acquired subsidiaries which are interest-free, unsecured and repayable on demand.

Included in other payables and accruals, there were payables amounting to RMB1,200,000,000 (unaudited) (31 December 2018: RMB1,200,000,000 (audited)) secured by non-interest bearing deposit of USD289,355,000 (approximately RMB1,960,293,000 (unaudited) (31 December 2018: RMB1,969,293,000 (audited))). The remaining balances are interest-free, unsecured and repayable on demand.

- (b) The amounts due are unsecured, interest-free and repayable on demand.
- (c) The carrying amounts of other payables are denominated in RMB and approximate to their fair value.



## 19. SHARE CAPITAL AND SHARE PREMIUM

	Unaudited				
	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
<b>Six months ended 30 June 2019</b>					
Balance as at 1 January 2019 (audited)	6,070,193,697	607,019	533,389	6,168,607	6,701,996
Issue of shares upon exercise of share options	10,714,000	1,071	925	20,395	21,320
2018 final dividends declared (note 10)	-	-	-	(478,683)	(478,683)
<b>Balance as at 30 June 2019 (unaudited)</b>	<b>6,080,907,697</b>	<b>608,090</b>	<b>534,314</b>	<b>5,710,319</b>	<b>6,244,633</b>
<b>Six months ended 30 June 2018</b>					
Balance as at 1 January 2018 (audited)	6,063,730,329	606,373	532,865	6,913,069	7,445,934
Issue of shares upon exercise of share options	5,163,000	516	414	8,780	9,194
2017 final dividends declared (note 10)	-	-	-	(603,729)	(603,729)
Balance as at 30 June 2018 (unaudited)	6,068,893,329	606,889	533,279	6,318,120	6,851,399

Note: During the six months ended 30 June 2019, 10,714,000 (unaudited) (Six months ended 30 June 2018: 5,163,000 (unaudited)) shares were issued upon exercise of share options. Total proceeds were HK\$17,710,000 (equivalent to RMB15,274,000) (unaudited) (Six months ended 30 June 2018: HK\$8,144,500 (equivalent to RMB6,527,000) (unaudited)). The weighted average share price at the time of exercise was HK\$1.653 (Six months ended 30 June 2018: HK\$1.577 (unaudited) per share). The related transactions costs were deducted from the proceeds received.

## 20. RESERVES

	Unaudited							
	Merger reserve RMB'000 (note a)	Exchange reserve RMB'000	Statutory reserves RMB'000 (note b)	Share option reserve RMB'000 (note c)	Capital reserve RMB'000 (note d)	Other	Retained earnings RMB'000	Total RMB'000
Balance as at 1 January 2019 (audited)	382	7,431	965,546	417,491	(478,917)	-	14,026,181	14,938,114
Profit for the period	-	-	-	-	-	-	2,837,222	2,837,222
Other comprehensive loss for the period	-	(14,399)	-	-	-	-	-	(14,399)
Total comprehensive (loss)/income for the period	-	(14,399)	-	-	-	-	2,837,222	2,822,823
Deemed disposal of partial interest in a subsidiary	-	-	-	-	(12,667)	-	-	(12,667)
Issue of shares upon exercise of share options	-	-	-	(6,046)	-	-	-	(6,046)
Share-based payments (note 25)	-	-	-	69,014	-	-	-	69,014
Share options lapsed	-	-	-	(55,077)	-	-	55,077	-
Other	-	-	-	-	-	43,713	-	43,713
<b>Balance as at 30 June 2019 (unaudited)</b>	<b>382</b>	<b>(6,968)</b>	<b>965,546</b>	<b>425,382</b>	<b>(491,584)</b>	<b>43,713</b>	<b>16,918,480</b>	<b>17,854,951</b>
Balance as at 1 January 2018 (audited)	382	23,243	959,537	167,972	(482,766)	-	11,273,618	11,941,986
Profit for the period	-	-	-	-	-	-	1,704,082	1,704,082
Other comprehensive income for the period	-	8,505	-	-	-	-	-	8,505
Total comprehensive income for the period	-	8,505	-	-	-	-	1,704,082	1,712,587
Issue of shares upon exercise of share options	-	-	-	(2,667)	-	-	-	(2,667)
Share-based payments (note 25)	-	-	-	116,458	-	-	-	116,458
Share options lapsed	-	-	-	(8,366)	-	-	8,366	-
Balance as at 30 June 2018 (unaudited)	382	31,748	959,537	273,397	(482,766)	-	12,986,066	13,768,364

## 20. RESERVES *(continued)*

Note:

- (a) The merger reserve of the Group represents the difference between the nominal value of the share capital and share premium of the subsidiaries acquired pursuant to the group reorganisation in December 2007 and the nominal value of the share capital of the Company issued in exchange thereof. The reorganisation qualifies as common control combinations and has been accounted for using merger accounting.
- (b) In accordance with the relevant rules and regulations in the PRC and the provision of the articles of association of the PRC companies comprising the Group, before 1 January 2006, the local investment enterprises were required to appropriate at each year end 5% to 10% of the profit for the year after setting off the accumulated losses brought forward (based on figures reported in the statutory financial statements) to the statutory surplus reserve and the statutory public welfare fund (collectively the "Statutory Reserves"), respectively. After 1 January 2006, the local investment enterprises are allowed to appropriate 10% of the net profit to the Statutory Reserves until the accumulated appropriation exceeds 50% of the register capital.

For Chinese-foreign entities, in accordance with the Law of the PRC on Chinese-foreign Equity Joint Ventures, the percentage of profits to be appropriated to the Statutory Reserves are solely determined by the Board of Directors of these foreign investment enterprises.

In accordance with the Laws of the PRC on Enterprises Operated Exclusively with Foreign Capital and the companies' articles of association, an appropriation to the Statutory Reserves, after net of accumulated losses of previous years, have to be made prior to profit distribution to the investor. The appropriation for the Statutory Reserve of these foreign investment enterprises shall be no less than 10% of the net profit until the accumulated appropriation exceeds 50% of the registered capital.

- (c) Share option reserve represents value of employee services in respect of share options granted under the Share Option Scheme (note 25).
- (d) Capital reserve arose from the difference between the amount by which the non-controlling interests are adjusted and the consideration paid for the acquisition of additional equity interest in subsidiaries.

## 21. FINANCIAL GUARANTEES CONTRACTS

The Group had the following financial guarantees as at the reporting dates:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the property units sold by the Group	<b>33,077,116</b>	30,587,387

The guarantees in respect of mortgage facilities granted by certain banks related to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees expire or terminate upon the earlier of (i) issuance of the property ownership certificates which are generally be available within six months to one year after the purchasers take possession of the relevant properties; and (ii) the mortgage loans obtained by the purchasers of properties.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the condensed consolidated financial information for the guarantees.

## 22. COMMITMENTS

### (a) Commitments for acquisitions/construction of property, plant and equipment, property development expenditures and acquisitions of subsidiaries and an associate

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Contracted but not provided for		
– Acquisitions/construction of property, plant and equipment	<b>787,808</b>	100,178
– Acquisition of land use rights and property development activities	<b>45,929,662</b>	35,376,964
– Acquisitions of subsidiaries	<b>4,119,834</b>	1,423,328
– Acquisition of an associate	–	1,318,239
	<b>50,837,304</b>	38,218,709

## 22. COMMITMENTS *(continued)*

### (b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings and office equipment are as follows:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Not later than one year	11,378	167,967
Later than one year and not later than five years	-	398,140
Later than five years	-	586,360
	<b>11,378</b>	1,152,467

As at 30 June 2019, the Group leases staff quarters, offices and items of office equipment with a lease period of twelve months, which are qualified to be accounted for under short-term lease exemption under HKFRS 16.

As at 30 June 2019, the Group leases a number of properties and items of office equipment under operating leases. The leases run for an initial period of one (unaudited) (31 December 2018: one to nineteen (audited)) year, with an option to renew the lease and renegotiate the terms at the expiry date or at the dates as mutually agreed between the Group and respective landlords/lessors. None of the leases include contingent rentals.

### (c) Operating lease rentals receivable

The future aggregate minimum lease rentals receivable under non-cancellable operating leases in respect of land and buildings are as follows:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Not later than one year	195,877	174,899
Later than one year and not later than five years	488,451	532,408
Later than five years	193,148	227,787
	<b>877,476</b>	935,094

The Group leases its investment properties (note 11) under operating lease arrangements which run for an initial period of one to twenty-two (unaudited) (31 December 2018: one to fifty-three (audited)) years, with an option to renew the lease and renegotiated the terms at the expiry date or at the dates as mutually agreed between the Group and the respective tenants. The terms of the leases generally also require the tenants to pay security deposits.

## 23. ACQUISITIONS OF SUBSIDIARIES

### (a) Acquisitions of assets

During the six months ended 30 June 2019, the Group entered into agreements with independent third parties to acquire certain property development companies at total consideration of RMB175,534,000. These companies did not operate any business prior to the acquisitions and only had prepayment for proposed development projects. Therefore, the Group considered this would be an acquisition of assets in substance and as a result the difference between the purchase consideration paid and the net assets acquired would be recognised as adjustments to the carrying value of prepayment for proposed development projects.

The considerations of all these transactions were based on the fair value of the assets acquired.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The aggregate balances of identifiable assets and liabilities arising from these acquisitions as at their respective acquisition date are as follows:

	2019 RMB'000
Property, plant and equipment (note 11)	7
Prepayment for proposed development projects	195,342
Debtors, deposits and other receivables	21,197
Cash and bank balances	684
Other payables	(34,036)
<b>Total identifiable net assets</b>	<b>183,194</b>
Less: non-controlling interests	(7,660)
<b>Identifiable net assets acquired</b>	<b>175,534</b>
<b>Total purchase consideration</b>	
– Settled in cash during the period	154,534
– Payable	21,000
	<b>175,534</b>
<b>Purchase consideration settled in cash</b>	<b>154,534</b>
Cash and bank balances in subsidiaries acquired	(684)
<b>Cash outflow on acquisition of subsidiaries</b>	<b>153,850</b>

## 23. ACQUISITIONS OF SUBSIDIARIES *(continued)*

### (a) Acquisitions of assets *(continued)*

During the six months ended 30 June 2018, the Group entered into agreements with independent third parties to acquire property development companies at total consideration of RMB189,455,000. These companies did not operate any business prior to the acquisitions and only had properties under development. Therefore, the Group considered this would be an acquisition of assets in substance and as a result the difference between the purchase consideration paid and the net assets acquired would be recognised as adjustments to the carrying value of properties under development.

The considerations of all these transactions were based on the fair value of the assets acquired.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The aggregate balances of identifiable assets and liabilities arising from these acquisitions as at their respective acquisition date are as follows:

	2018 RMB'000
Properties under development	472,627
Debtors, deposits and other receivables	21
Cash and bank balances	7,252
Other payables	(240,219)
	<hr/>
Total identifiable net assets	239,681
Less: non-controlling interests	(50,226)
	<hr/>
Identifiable net assets acquired	189,455
	<hr/>
Purchase consideration settled in cash	189,455
Cash and bank balances in subsidiaries acquired	(7,252)
	<hr/>
Cash outflow on acquisition of subsidiaries	182,203
	<hr/>

## 23. ACQUISITIONS OF SUBSIDIARIES *(continued)*

### (b) Acquisitions of businesses

During the six months ended 30 June 2019, the Group entered into agreement with an independent third party to acquire 54.84% equity interests in Qinghai Pharmaceutical which is engaged in manufacturing and trading of pharmaceutical products to diversify their healthcare business. The directors of the Group were of the view that the acquisition constitutes acquisition of business.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The following table summarises the consideration paid for the acquisition, the aggregate provisioned amounts of fair value of the assets acquired and liabilities assumed of Qinghai Pharmaceutical at the acquisition date.

	2019 RMB'000
Property, plant and equipment (note 11)	88,030
Intangible assets (note 15)	582,527
Land use right (note 11)	13,600
Deferred tax assets	260
Inventories	121,011
Debtors, deposits and other receivables	83,076
Cash and bank balances	23,037
Income tax payable	(16,517)
Other payables	(56,889)
Deferred tax liabilities	(152,169)
Total identifiable net assets	685,966
Less: non-controlling interests	(309,782)
Identifiable net assets acquired	376,184
Goodwill (note 15)	205,474
Total purchase consideration	581,658
Purchase consideration settled in cash	581,658
Cash and bank balances in the subsidiary acquired	(23,037)
Cash outflow on acquisition of the subsidiary	558,621

The acquired company contributed revenue of RMB51,754,000 and net profit of RMB8,780,000 to the Group for the period from the acquisition date. If the acquisitions had occurred on 1 January 2019, the Group's consolidated revenue and consolidated profit for the period would have been increased by RMB70,247,000 and RMB12,994,000 respectively.

\* As at 30 June 2019, the fair value of underlying assets has been determined on a provisional basis, awaiting the professional valuation.



## 23. ACQUISITIONS OF SUBSIDIARIES *(continued)*

### (b) Acquisitions of businesses *(continued)*

During the six months ended 30 June 2019, the Group entered into agreement to acquire 60% equity interests in Jiaxing Dashu and its subsidiaries, which are engaged in the business of property management including residential communities, offices and commercial buildings, government facilities and other non-residential projects. The directors of the Group were of the view that the acquisitions constitutes acquisitions of business.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The following table summarises the consideration paid for the acquisition, the aggregate amounts of fair value of the assets acquired and liabilities assumed of Jiaxing Dashu and its subsidiaries at the acquisition date.

	2019 RMB'000
Property, plant and equipment (note 11)	5,334
Intangible assets – customer relationship (note 15)	12,287
Deferred tax assets	681
Debtors, deposits and other receivables	36,158
Cash and bank balances	16,896
Other payables	(30,110)
Contract liabilities	(7,873)
Income tax payable	(969)
Deferred tax liabilities	(3,071)
Total identifiable net assets	29,333
Less: non-controlling interests	(11,733)
Identifiable net assets acquired	17,600
Goodwill (note 15)	18,980
Total purchase consideration	36,580
Purchase consideration settled in cash	36,580
Cash and bank balances in subsidiaries acquired	(16,896)
Cash outflow on acquisition of subsidiaries	19,684

The acquired companies contributed revenue of RMB24,821,000 and net profit of RMB2,124,000 to the Group for the period from the acquisition date. If the acquisition had occurred on 1 January 2019, the Group's consolidated revenue and consolidated profit for the period would have been increased by RMB37,530,000 and RMB1,567,000 respectively.

## 23. ACQUISITIONS OF SUBSIDIARIES *(continued)*

### (b) Acquisitions of businesses *(continued)*

During the six months ended 30 June 2018, the Group acquired controlling interests in certain PRC companies which engaged in insurance, plantation and wholesale of tea products and catering businesses to diversify their business. The directors were of the view that the acquisitions constitutes acquisitions of businesses.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The following table summarises the consideration paid for the acquisitions, the aggregate amounts of fair value of the assets acquired and liabilities assumed at the acquisition date.

	2018 RMB'000
Property, plant and equipment (note 11)	346
Inventory	60
Debtors, deposits and other receivables	29,069
Cash and bank balances	1,229
Other payables	(2,304)
Borrowings	(2,900)
	<hr/>
Total identifiable net assets	25,500
Less: non-controlling interests	(1,200)
	<hr/>
Identifiable net assets acquired	24,300
	<hr/>
Total purchase consideration:	
– settled in cash during the period	24,300
	<hr/>
Purchase consideration settled in cash	24,300
Cash and bank balances in subsidiaries acquired	(1,229)
	<hr/>
Cash outflow on acquisition of subsidiaries	23,071
	<hr/>

The acquired companies contributed revenue of RMB5,947,000 and net loss of RMB366,000 to the Group for the period from the respective acquisition dates. If the acquisitions had occurred on 1 January 2018, the Group's consolidated revenue and consolidated profit for the period would have been increased by RMB6,543,000 and decreased by RMB2,979,000 respectively.

## 23. ACQUISITIONS OF SUBSIDIARIES *(continued)*

### (c) Acquisition of additional interests in subsidiaries

During the six months ended 30 June 2019, the Group entered into a cooperation agreement with an associate of the Group to acquire 90% direct equity interest in Guangzhou Yurui Real Estate Development Co., Ltd.\* (“Guangzhou Yurui”) and its subsidiaries (“Guangzhou Yurui Group”) at RMB18,000,000. The Group’s effective equity interest in Guangzhou Yurui Group then increased from 49% to 94.90%.

Guangzhou Yurui entered into a cooperation agreement with the Group’s associate that Guangzhou Yurui injected RMB306,120,000 in Guangzhou Yaxiang Real Estate Development Co., Ltd.\* (“Guangzhou Yaxiang”) to obtain 25% direct equity interest in Guangzhou Yaxiang. The Group’s effective equity interest in Guangzhou Yaxiang then increased from 49% to 60.48%.

Upon the capital injections to Guangzhou Yurui and Guangzhou Yaxiang enable the Group to obtain the effective control over Guangzhou Yurui Group and Guangzhou Yaxiang, and become subsidiaries of the Group.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree’s identifiable net assets.

Details of the aggregate fair values of the identifiable assets and liabilities of Guangzhou Yurui and Guangzhou Yaxiang as at the date of acquisition are as follows:

	2019 RMB’000
Property, plant and equipment (note 11)	273
Properties under development	5,017,730
Completed properties held for sale	3,939,910
Debtors, deposits and other receivables	2,818,930
Prepaid tax	139,290
Cash and bank balances	677,823
Contract liabilities	(6,738,579)
Accrued construction costs	(1,169,256)
Other payables	(3,051,095)
Borrowings	(1,099,400)
Total identifiable net assets at fair value	535,626
Less: non-controlling interests	(211,505)
Net assets acquired through capital injection	324,121
Capital injection	324,120
Cash and bank balances in subsidiaries acquired through capital injection	(677,823)
Net cash inflow on acquisitions of subsidiaries through capital injection	353,703

Note: As at 30 June 2019, the fair value of underlying assets has been determined on a provisional basis, awaiting the profession valuation.

## 24. DEEMED DISPOSALS OF SUBSIDIARIES

During the six months ended 30 June 2019, the Group entered into capital injection agreements with a number of independent third parties for the capital injection of certain subsidiaries. Upon the capital injection, the Group's equity interests in certain subsidiaries have been diluted from 100% to 30%, 44.44%, 50% and 51%. These subsidiaries were engaged in investment holding and holding property redevelopment projects and property developments.

Upon completion of the deemed disposals, these companies ceased to be subsidiaries of the Group and were then accounted for as associates and joint ventures of the Group using equity method. The fair value of the retained interests in these companies at the date on which the control was lost is regarded as the cost on initial recognition of the investments in associates and joint ventures.

The following table summarises the net assets of the subsidiaries disposed of during the current period and the financial impacts are summarised as follows:

	2019 RMB'000
Net assets disposed of:	
Property, plant and equipment (note 11)	2,539
Investment properties (note 11)	560,000
Investment in an associate	31,000
Properties under development	5,962,319
Completed properties held for sale	12,588
Deposits for land acquisitions	631,946
Prepayments for proposed development projects	5,469
Debtors, deposits and other receivables	3,097,673
Prepaid tax	17,874
Financial assets at FVTPL (note 3.5)	11,980
Cash and bank balances	419,068
Contract liabilities	(967,829)
Accrued construction costs	(409,038)
Borrowings	(6,174,160)
Other payables	(2,802,333)
Deferred tax liabilities	(16,334)
	382,762
Non-controlling interests	(39,509)
	343,253
Net assets disposed of	343,253
Provisional gain on disposals of subsidiaries, net	979,449
	1,322,702
Satisfied by:	
Fair values of the 30% and 44.44% equity interests in associates (note 13(a))	-
Fair values of the 50% and 51% equity interests in joint ventures (note 13(b))	1,322,702
	1,322,702
Net cash outflow arising on deemed disposal:	
Cash and bank balances disposal of	(419,068)

## 24. DEEMED DISPOSALS OF SUBSIDIARIES *(continued)*

Note: The fair value was determined by management with reference to the market value or valuation reports for the underlying assets. As at 30 June 2019, the fair value of the underlying assets has been determined on a provisional basis, awaiting the finalised professional valuation. The remaining interests held by the Group is measured at fair value at the date the Group lost control over these certain companies.

During the six months ended 30 June 2018, the Group entered into capital injection agreements with a number of investors for the capital injection of certain subsidiaries. Upon the capital injection, the Group's equity interests in certain subsidiaries have been diluted from 100% to 49% and 45%. These subsidiaries were engaged in investment holding and holding property redevelopments projects in Shenzhen and property developments located in Guangzhou and Foshan.

Upon completion of the deemed disposals, these companies ceased to be subsidiaries of the Group and were then accounted for as joint ventures and associate of the Group using equity method. The fair value of the retained interests in these companies at the date on which the control was lost is regarded as the cost on initial recognition of the investments in joint ventures and associate.

The following table summarises the net assets of the subsidiaries disposed of during the current period and the financial impacts are summarised as follows:

	2018 RMB'000
Net assets disposed of:	
Property, plant and equipment (note 11)	1,089
Properties under development	14,237,553
Completed properties held for sale	3,620,253
Prepayments for proposed development projects	68,286
Cash and bank balances	2,572,394
Contract liabilities	(5,922,487)
Other net liabilities	(6,197,016)
Borrowings	(9,632,137)
Non-controlling interests	(91,554)
	(1,343,617)
Provisional gain on disposals of subsidiaries	1,994,891
	651,274
Satisfied by:	
Fair value of the 49% equity interest in an associate (note 13(a))	20,004
Fair values of the 49% and 45% equity interests in joint ventures (note 13(b))	631,270
	651,274
Net cash outflow arising on deemed disposal:	
Cash and bank balances disposal of	(2,572,394)

Note: The fair value was determined by management with reference to the valuation reports for the underlying assets. As at 30 June 2018, the fair value of the underlying assets has been determined on a provisional basis, awaiting the finalised professional valuation. The remaining interests held by the Group is measured at fair value at the date the Group lost control over these certain companies.

## 25. SHARE OPTION

### Share Option Scheme

Pursuant to the shareholders' resolution passed on 22 November 2009, a post-IPO share option scheme (the "Share Option Scheme") was conditionally adopted. Pursuant to the terms of the Share Option Scheme, the Company may grant options at its discretion, to any eligible person (including directors, employees, officers of any member of the Group, advisers, consultants, suppliers, agents and customers of any members of the Group). The maximum number of shares which may be issued upon exercise of all options (the "Share Option") granted and yet to be exercised under the Share Option Scheme or any other share option schemes adopted by the Company must not exceed 30% of the Company's shares in issue from time to time.

No options may be granted under the Share Option Scheme after 10 years since the adoption. The vesting periods, exercise periods and vesting conditions may be specified by the Company at the time of the grant, and the options expire no later than 10 years from the relevant date of grant. The exercise price of the option under the Share Option Scheme shall be no less than the highest of (i) the official closing price of the Company's shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (ii) the average of the official closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company.

Details of the movement of the share options under Share Option Scheme are as follows:

	Unaudited			
	30 June 2019		30 June 2018	
	Weighted average exercise price in HK\$ per share	Number	Weighted average exercise price in HK\$ per share	Number
At 1 January (audited)	3.478	516,756,000	3.339	470,514,000
Granted during the period	3.243	51,700,000	4.354	63,000,000
Exercised during the period	1.653	(10,714,000)	1.577	(5,163,000)
Lapsed during the period	3.421	(82,530,000)	3.465	(11,474,000)
At 30 June (unaudited)	3.503	475,212,000	3.477	516,877,000

As at 30 June 2019, 157,612,000 (unaudited) (30 June 2018: 109,677,000 (unaudited)) outstanding options granted under the Share Option Scheme were exercisable (note).

## 25. SHARE OPTION *(continued)* Share Option Scheme *(continued)*

Note: Terms of share options at the reporting date were as follows:

Exercise price	Vesting period	Exercise period per share HK\$	Number of share options	
			30 June 2019	30 June 2018
10/6/2010-24/4/2022	9/12/2009-9/6/2010	3.105	5,350,000	5,350,000
30/3/2011-24/4/2022	9/12/2009-29/3/2011	3.105	8,250,000	8,250,000
24/4/2012-24/4/2022	9/12/2009-23/4/2012	3.105	8,500,000	8,500,000
23/7/2011-22/7/2020	23/7/2011-22/7/2012	2.000	2,700,000	3,360,000
23/7/2012-22/7/2020	23/7/2012-22/7/2013	2.000	2,700,000	3,360,000
23/7/2013-22/7/2020	23/7/2013-22/7/2014	2.000	2,900,000	3,560,000
23/7/2014-22/7/2020	23/7/2014-22/7/2015	2.000	3,640,000	4,160,000
23/7/2015-22/7/2020	23/7/2015-22/7/2016	2.000	7,937,000	8,977,000
6/6/2013-5/6/2022	6/6/2013-5/6/2014	1.500	3,784,000	4,169,000
6/6/2014-5/6/2022	6/6/2014-5/6/2015	1.500	4,075,000	5,370,000
6/6/2015-5/6/2022	6/6/2015-5/6/2016	1.500	12,100,000	15,923,000
6/6/2016-5/6/2022	6/6/2016-5/6/2017	1.500	13,042,000	16,838,000
6/6/2017-5/6/2022	6/6/2017-5/6/2018	1.500	13,580,000	17,060,000
21/2/2015-20/2/2024	21/2/2015-20/2/2016	2.610	-	1,200,000
21/2/2016-20/2/2024	21/2/2016-20/2/2017	2.610	-	1,200,000
21/2/2017-20/2/2024	21/2/2017-20/2/2018	2.610	-	1,200,000
21/2/2018-20/2/2024	21/2/2018-20/2/2019	2.610	-	1,200,000
21/2/2019-20/2/2024	21/2/2019-20/2/2020	2.610	-	1,200,000
19/7/2018-18/7/2027	19/7/2018-18/7/2019	3.550	50,854,000	59,000,000
19/7/2019-18/7/2027	19/7/2019-18/7/2020	3.550	50,200,000	59,000,000
19/7/2020-18/7/2027	19/7/2020-18/7/2021	3.550	50,200,000	59,000,000
19/7/2021-18/7/2027	19/7/2021-18/7/2022	3.550	100,400,000	118,000,000
22/9/2018-21/9/2027	22/9/2018-21/9/2019	6.660	4,000,000	4,000,000
22/9/2019-21/9/2027	22/9/2019-21/9/2020	6.660	4,000,000	4,000,000
22/9/2020-21/9/2027	22/9/2020-21/9/2021	6.660	4,000,000	4,000,000
22/9/2021-21/9/2027	22/9/2021-21/9/2022	6.660	8,000,000	8,000,000
29/11/2018-28/11/2027	29/11/2018-28/11/2019	4.370	5,600,000	5,600,000
29/11/2019-28/11/2027	29/11/2019-28/11/2020	4.370	5,600,000	5,600,000
29/11/2020-28/11/2027	29/11/2020-28/11/2021	4.370	5,600,000	5,600,000
29/11/2021-28/11/2027	29/11/2021-28/11/2022	4.370	11,200,000	11,200,000
3/4/2019-2/4/2028	3/4/2019-2/4/2020	4.320	-	4,000,000
3/4/2020-2/4/2028	3/4/2020-2/4/2021	4.320	-	4,000,000
3/4/2021-2/4/2028	3/4/2021-2/4/2022	4.320	-	4,000,000
3/4/2022-2/4/2028	3/4/2022-2/4/2023	4.320	-	8,000,000
11/6/2019-10/6/2028	11/6/2019-10/6/2020	4.370	8,600,000	8,600,000
11/6/2020-10/6/2028	11/6/2020-10/6/2021	4.370	8,600,000	8,600,000
11/6/2021-10/6/2028	11/6/2021-10/6/2022	4.370	8,600,000	8,600,000
11/6/2022-10/6/2028	11/6/2022-10/6/2023	4.370	17,200,000	17,200,000
24/1/2020-23/1/2029	24/1/2020-23/1/2021	2.380	2,000,000	-
24/1/2021-23/1/2029	24/1/2021-23/1/2022	2.380	2,000,000	-
24/1/2022-23/1/2029	24/1/2022-23/1/2023	2.380	2,000,000	-
24/1/2023-23/1/2029	24/1/2023-23/1/2024	2.380	4,000,000	-
12/4/2020-11/4/2029	12/4/2020-11/4/2021	3.700	6,800,000	-
12/4/2021-11/4/2029	12/4/2021-11/4/2022	3.700	6,800,000	-
12/4/2022-11/4/2029	12/4/2022-11/4/2023	3.700	6,800,000	-
12/4/2023-11/4/2029	12/4/2023-11/4/2024	3.700	13,600,000	-
			<b>475,212,000</b>	516,877,000

## 25. SHARE OPTION *(continued)* Share Option Scheme *(continued)*

The Company offered to grant several directors and employees (the "July 2010 Grant") of 179,750,000 share options of HK\$0.10 each in the capital of the Company on 23 July 2010.

On 6 June 2012, the Company further offered to grant several directors and employees (the "June 2012 Grant") of 326,790,000 share options respectively of HK\$0.10 each in the capital of the Company.

During the year ended 31 December 2014, the Company offered to grant an employee and a consultant (the "February 2014 Grant") total of 11,000,000 share options and an employee (the "August 2014 Grant") total of 3,000,000 share options respectively of HK\$0.10 each in the capital of the Company on 21 February 2014 and 21 August 2014 respectively.

On 19 July 2017, the Company offered to grant to the directors of the Company and certain employees of the Company and its subsidiaries (the "July 2017 Grant") of 64,000,000 and 250,300,000 share options respectively, of HK\$0.10 each in the capital of the Company. The Company further granted a director of the Company (the "September 2017 Grant" and the "November 2017 Grant") of 20,000,000 and 28,000,000 share options on 22 September 2017 and 29 November 2017 respectively of HK\$0.10 each in the capital of the Company.

On 3 April 2018, the Company offered to grant to one of the directors of the Company (the "April 2018 Grant") of 20,000,000 share options of HK0.1 each in the capital of the Company. The Company further granted certain employees of the Company and its subsidiaries (the "June 2018 Grant") of 43,000,000 shares options on 11 June 2018 of HK\$0.1 each in the capital of the Company.

On 24 January 2019, the Company offered to grant to certain employees of the Company and its subsidiaries (the "January 2019 Grant") of 18,000,000 share options of HK\$0.1 each in the capital of the Company. The Company further granted certain employees of the Company and its subsidiaries (the "April 2019 Grant") of 33,700,000 share options on 12 April 2019 of HK\$0.1 each in the capital of the Company.

	July 2010 Grant	June 2012 Grant	February 2014 Grant	August 2014 Grant	July 2017 Grant	September 2017 Grant	November 2017 Grant	April 2018 Grant	June 2018 Grant	January 2019 Grant	April 2019 Grant
Fair value under binomial model (HK'000)	142,362	198,688	8,514	2,592	543,168	68,887	61,987	37,218	77,023	17,677	51,857
Closing share price at grant date (HK\$)	1.71	1.39	2.60	2.83	3.55	6.66	4.26	4.31	4.35	3.69	2.37
Exercise price (HK\$)	2.00	1.50	2.61	2.84	3.55	6.66	4.37	4.32	4.37	3.70	2.38
Annual risk free interest rate	2.29%	1.04%	2.30%	1.94%	2.05%	2.01%	2.23%	2.64%	2.93%	2.49%	2.26%
Expected volatility	40%	44%	45%	43%	42%	43%	44%	44%	44%	45%	46%
Expected option life	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Expected dividend yield	Nil	Nil	6.0%	5.0%	Nil	Nil	Nil	2.5%	2.5%	2.5%	2.5%



## 25. SHARE OPTION *(continued)* Share Option Scheme *(continued)*

The valuations were based on the Binomial Option Pricing Model with the following data and assumptions:

Expected volatility was determined by using the historical volatility of the Company's share price from the listing date to the grant date. The risk-free interest rate is equal to Hong Kong Dollar swap rate over the exercise period at the grant date.

The Binomial Option Pricing Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognised a share option expense of RMB69,014,000 (unaudited) (Six months ended 30 June 2018: RMB116,458,000 (unaudited)) during the six months ended 30 June 2019.

## 26. RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in these condensed consolidated interim financial information during the period, the Group had the following transactions with its related parties:

### (a) Name and relationship with related parties

*Controlling shareholder*

Mr. Kwok Ying Shing

*A related company, a company controlled by a substantial shareholder of the Company*

Shenzhen Fund Resources Investment Holding Company Ltd. \* ("深圳市富德資源投資控股有限公司")

*Associates*

Shenzhen Qianhai Gold Earth Wealth Management Co., Ltd.\* ("深圳前海金土財富管理有限公司")

Shenzhen Longchen Plaza Properties Development Co., Ltd.\* ("深圳市龍城廣場房地產開發有限公司")

Shenzhen Shenxin Chanye Holding Co., Ltd.\* (formerly known as "Shenzhen Shenxin Financial Holding Co., Ltd.\*") ("深圳深信產業控股有限公司，前稱深圳深信金融控股有限公司")

Shenzhen Shenxin Financial Service Co., Ltd.\* ("深圳深信金融服務有限公司")

Shenzhen Shenxin Capital Management Co., Ltd.\* ("深圳市深信資本管理有限公司")

Guan Kongqing Real Estate Development Co., Ltd.\* ("固安孔雀亭房地產開發有限公司")

Guangdong Kaisa Jiayun Technology Co., Ltd.\* (formerly known as "Guangdong Mingjia Lianhe Mobile Technology Co., Ltd.\*") ("廣東佳兆業佳雲科技股份有限公司，前稱廣東明家聯合移動科技股份有限公司。")

Shenzhen Tianjia Industrial Development Co., Ltd.\* ("深圳市天佳實業發展有限公司")

Guangdong Kaisa Property Development Co., Ltd.\* and its subsidiaries ("廣東佳兆業房地產開發有限公司及其附屬公司")

E zhou Liangtai Real Estate Co., Ltd.\* ("鄂州梁泰地產有限公司")

Wuhan City Quan Hai Ji Xing Agricultural Products Logistics Co., Ltd.\* ("武漢城市圈海吉星農產品物流有限公司")

Lejie Electronic Products (Shenzhen) Co., Ltd.\* ("樂捷電子產品(深圳)有限公司")

Zhenxing Biopharmaceutical and Chemical Co., Ltd.\* ("振興生化股份有限公司")

Kunming Runhe Real Estate Development Co., Ltd.\* ("昆明潤合房地產開發有限公司")

Kaisa United Financial Group Holdings Limited\* (formerly known as "Kaisa United Financial (Beijing) Co., Ltd.\*") ("佳兆業聯合金融集團控股有限公司，前稱佳兆業聯合金融(北京)有限公司")

Kaisa United Assets Management (Beijing) Co., Ltd.\* ("佳兆業聯合資產管理(北京)有限公司")

Guangdong Meisi Property Company Ltd.\* ("廣東美思置業有限公司")

Shenzhen Guomian Pengxing Duty free Company Ltd.\* ("深圳市國免騰星免稅商品有限公司")

Shenzhen Jiatai Kaisa City Geng Xin Co., Ltd.\* ("深圳市佳泰佳兆業城市更新有限公司")

## 26. RELATED PARTY TRANSACTIONS *(continued)*

### (a) Name and relationship with related parties *(continued)*

#### *Joint ventures*

Huizhou City Kaileju Company Ltd.\* (“惠州市愷樂居置業有限公司”)  
Shenzhen Jiaxian Property Development Co., Ltd.\* (“深圳市佳賢置業發展有限公司”)  
Shenzhen Ligao Property Development Company Ltd.\* (“深圳力高宏業地產開發有限公司”)  
Shenzhen Jiademeihuan Traveling Development Co., Ltd.\* (“深圳市佳德美奧旅遊開發有限公司”), Shenzhen Jiafu East Tourism Development Co., Ltd.\* (“深圳市佳富東部旅遊開發有限公司”), Shenzhen Zhaofude Tourism Development Co., Ltd.\* (“深圳市兆富德旅遊開發有限公司”) together named as JVs for Dapeng Xiasha Development Project\* (“大鵬下沙合營發展專案”)  
Guangzhou Nantian Company Ltd.\* (“廣州南天商業大廣場建設發展有限公司”)  
Shenzhen Tiandi Tongchang Investment Development Co., Ltd.\* (“深圳市天地同昌投資發展有限公司”)  
Shenzhen Gongming Kaisa Property Development Company Ltd.\* (“深圳市公明佳兆業置業發展有限公司”)  
Holy Joint Management Consultants Ltd.\* (“浩霖管理顧問有限公司”)  
Shenzhen Longhua Kaisa Property Development Company Ltd.\* (“深圳市龍華佳兆業置業發展有限公司”)  
Shenzhen Gongming Kaisa Property Development Company Ltd.\* (“深圳市公明佳兆業置業發展有限公司”)  
Shenzhen Mingyang Kaisa Development Co., Ltd.\* (“深圳市銘揚佳兆業實業發展有限公司”)  
Shenzhen Kaisa Xinxu City Geng Xin Co., Ltd.\* (“深圳市佳兆業新秀城市更新有限公司”)  
Shenzhen Baoan Kaisa Real Estate Development Co., Ltd.\* (“深圳市寶安佳兆業房地產開發有限公司”)  
Guangdong Jiasheng Property Development Co., Ltd.\* (“廣東佳盛房地產開發有限公司”)  
Hunan Mingtai Property Development Company Ltd.\* (“湖南明泰置業發展有限公司”)  
Wuhan Kaisa Logistics Company Ltd.\* (“武漢市佳兆業物流有限公司”)  
Zhongqing Xingjiaye Industrial Co., Ltd.\* (“重慶興佳業實業有限公司”)  
Hangzhou Jiayu Property Company Ltd.\* (“杭州佳裕置業有限公司”)  
Guangzhou Xiaoping Property Development Co., Ltd.\* (“廣州市小坪房地產開發有限公司”)  
Chuangjiayu Technology (Shenzhen) Co., Ltd.\* (“創佳寓科技(深圳)有限公司”)  
Xinxiang Kaisa Property Development Co., Ltd.\* (“新鄉市佳兆業房地產開發有限公司”)  
Sanya Baijiajishi Property Development Co., Ltd.\* (“三亞佰佳世紀房地產開發有限公司”)  
Hangzhou Huawan Property Co., Ltd.\* (“杭州華灣房地產有限公司”)  
Shenzhen Nanao Hotel Co., Ltd.\* (“深圳市南澳大酒店有限公司”)  
Hainan Free-Trade Zone Xiangruiyuan Property Development Co., Ltd.\* (“海南自貿區香瑞園房地產開發有限公司”)  
Henan Kaisa Property Development Co., Ltd.\* (“河南省佳兆業房地產開發有限公司”)  
Zhongqing Xinzhaoxin Co., Ltd.\* (“重慶新兆鑫實業有限公司”)  
Zhongshan Fugang Property Development Co., Ltd.\* (“中山富港房地產開發有限公司”)  
Zhongshan Jiajun Property Development Co., Ltd.\* (“中山市佳駿房地產開發有限公司”)  
Hangzhou Yijia Property Co., Ltd.\* (“杭州億佳置業有限公司”)  
Taoyuan Jianshe Shenzhen Co., Ltd.\* (“桃源建設(深圳)有限公司”)  
Shenzhen Qixiang Kaisa Industrial Development Co., Ltd.\* (“深圳市祺祥佳兆業實業發展有限公司”)  
Shenzhen Futian Kaisa Investment Consultation Co., Ltd.\* (“深圳市福田佳兆業投資諮詢有限公司”)  
Hunan Xiangyong Property Development Co., Ltd.\* (“湖南湘永房地產開發有限公司”)  
Zhongqing Renyou Property Co., Ltd.\* (“重慶市仁有置業有限公司”)  
Zhongqing Yuzhaoxing Industrial Co., Ltd.\* (“重慶渝兆興實業有限公司”)  
Jinzhaojia Property (Wuhan) Co., Ltd.\* (“金兆佳置業(武漢)有限公司”)

\* The English translation of the name of the companies established in the PRC is for reference only. The official name of these companies are in Chinese.

## 26. RELATED PARTY TRANSACTIONS *(continued)*

### (b) Key management compensation

Key management of the Group are members of the board of directors, as well as members of the “management board” of the Company. Key management personnel remuneration include the following expenses:

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Director's fee	765	-
Salaries and other short-term employee benefits	62,955	73,624
Discretionary bonuses	2,125	3,204
Retirement scheme contributions	311	311
Share-based payments	33,445	77,649
	<b>99,601</b>	<b>154,788</b>

### (c) Related parties transactions

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Interest expense paid to a related company (note (i))	-	18,829
Interest income received from an associate (note (iii))	3,337	36,330
Interest expense paid to associates (note (iv))	8,126	41,290
Rental expenses paid to a controlling shareholder (note (ii))	1,034	1,034
Financial advisory fees paid to an associate	10,202	28,752
Other revenue from associates	76,419	-
Other revenue from joint ventures	5,772	-

Notes:

- (i) Interest expense was charged at interest rate of 12.0% (six months ended 30 June 2018: 12.0%) per annum on the loan from a related company.
- (ii) This represents payment of rental expense for various office premises to controlling shareholder, Mr. Kwok Ying Shing. The rental expenses paid during the period was determined at prevailing market rate of respective office premises.
- (iii) The interest income was charged at interest rate of 12.0% (six months ended 30 June 2018: 6.175%) per annum on amount due from an associate.
- (iv) Interest expense was charged at interest rate ranging from 9.5% to 14.0% (six months ended 30 June 2018: 4.35% to 12.5%) per annum on the loans from associates.

## 26. RELATED PARTY TRANSACTIONS *(continued)*

### (d) Balances with related parties

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Loans from associates (note 17(e))	(473,500)	(1,240,550)
Loan from a related company (note 17(d))	(108,781)	(108,781)
Other revenue receivable from associates – included in trade receivables	55,255	–
Prepaid financial advisory fee to an associate – included in prepayments	153,253	153,253
Amounts due from associates (note 14)	2,057,577	4,045,190
Amounts due from joint ventures (note 14)	2,478,202	891,612
Amounts due to associates (note 18)	(2,600,505)	(1,018,000)
Amounts due to joint ventures (note 18)	(5,892,157)	(2,246,498)
Interest payable to a related company – included in accrued interest in other payables	(235,535)	(235,535)

## 27. EVENTS AFTER REPORTING PERIOD

- (i) On 2 July 2019, the Company issued additional Senior Notes with principal amounts of US\$200,000,000 (approximately RMB1,346,700,000) due 2022 and US\$300,000,000 (approximately RMB2,020,050,000) due 2023, which are interest-bearing at 11.25% and 11.5% per annum respectively. These Senior Notes will be consolidated and form a single series with the US\$350,000,000 11.25% Senior Notes due 2022 issued on 9 April 2019 and US\$400,000,000 11.5% Senior Notes due 2023 issued on 30 May 2019 respectively.
- (ii) On 16 July 2019, the Company issued Senior Notes with a principal amount of US\$300,000,000 (approximately RMB2,020,050,000) due 2023. The Senior Notes are interest-bearing at 10.875% per annum which is payable semi-annually in arrears. The maturity date of the Senior Notes is 23 July 2023.
- (iii) On 19 July 2019, Kaisa Prosperity Holdings Limited (“Kaisa Prosperity”) (previously known as Kaisa Property Holdings Limited), which is a subsidiary of the Company, granted 11,450,000 share options to subscribe for the ordinary shares of HK\$0.01 each in the capital of Kaisa Prosperity, comprising (i) 2,750,000 share options to the directors of Kaisa Prosperity; and (ii) 8,700,000 share options to certain employees of Kaisa Prosperity and its subsidiaries.
- (iv) On 16 August 2019, the Company completed the repurchase and cancellation of HK\$1,162,000,000 in principal amount of the Company’s 6.1% notes due December 2019 at the consideration of approximately RMB1,026,300,000, resulting a gain on repurchase of senior notes amounting to RMB135,700,000.

### CORPORATE GOVERNANCE

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. The Board is of the view that, for the six months ended 30 June 2019, the Company complied with the code provisions on the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for the following deviation:

Code provision A.6.7 provides that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. Due to other important engagement, the non-executive Director of the Company, Ms. CHEN Shaohuan, was unable to attend the annual general meeting of the Company held on 14 June 2019.

### AUDIT COMMITTEE

The Audit Committee assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The members of the Audit Committee are non-executive director and independent non-executive directors of the Company, namely Ms. CHEN Shaohuan, Mr. RAO Yong and Mr. ZHANG Yizhao. Mr. RAO Yong is the Chairman of the Audit Committee.

### REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the Group's interim report 2019. In addition, the independent auditor of the Company, Grant Thornton Hong Kong Limited, has reviewed the unaudited interim results for the six months ended 30 June 2019 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

### COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code as set out in Appendix 10 to the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2019.

The Company has also established written guidelines on no less exacting terms than the Model Code for securities transactions by the relevant employees of the Group, who are likely to be in possession of inside information of the Company.

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

During the six months ended 30 June 2019, the Company made an on-market repurchase of 7.25% senior note due 2020 (the "2020 Notes") which was listed on Singapore Exchange Securities Trading Limited. The principal amount of the 2020 Notes repurchased was US\$250.0 million.

Save as disclosed above, during the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### **INTERIM DIVIDEND**

The Board recommended the payment of an interim dividend (the "Interim Dividend") of HK3 cents per share for the six months ended 30 June 2019 (30 June 2018: HK3 cents), subject to the approval of the shareholders at the forthcoming extraordinary general meeting of the Company.

The Interim Dividend will be paid on or about 18 December 2019 to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 4 December 2019.

### **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining shareholders who qualify for the Interim Dividend, the register of members of the Company will be closed from Monday, 2 December 2019 to Wednesday, 4 December 2019, both days inclusive. In order to qualify for the Interim Dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 29 November 2019.