



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

KAISA INTERIM REPORT 2020 GROUP



* For identification purposes only

CONTENTS

- 2** Corporate Information
- 4** Chairman's Statement
- 10** Management Discussion and Analysis
- 18** Project Portfolio
- 40** Disclosure of Interests
- 54** Independent Review Report
- 55** Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 57** Condensed Consolidated Statement of Financial Position
- 59** Condensed Consolidated Statement of Changes in Equity
- 60** Condensed Consolidated Statement of Cash Flows
- 62** Notes to the Condensed Consolidated Financial Information
- 121** Other Information



CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. KWOK Ying Shing (*Chairman*)
Mr. SUN Yuenan (*Vice Chairman*)
Mr. MAI Fan
Mr. LI Haiming
Mr. KWOK Hiu Kwan

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

30/F, The Center
99 Queen's Road Central
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 2020 (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 10.9% year on year to approximately RMB22,296.8 million and gross profit increased by approximately 12.4% year-on-year to approximately RMB7,539.2 million as compared with the corresponding period of 2019. Profit attributable to owners of the Company for the period decreased by about 2.4% year-on-year to approximately RMB2,768.7 million. Basic earnings per share decreased by approximately 2.4% to RMB45.6 cents. Core net profit attributable to owners of the Company (excluding net fair value loss on financial assets at fair value through profit or loss, net exchange losses, net fair value gain on investment properties, fair value gain on financial derivatives, and net of respective deferred tax) increased by 25.7% year-on-year to approximately RMB3,461.3 million from approximately RMB2,753.2 million in the corresponding period of 2019.

The Board recommended payment of an interim dividend of HK3 cents per share for the six months ended 30 June 2020 (30 June 2019: HK3 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 2020, under the impact of novel coronavirus epidemic, the global economy experienced the worst recession since the Great Depression. Various countries have adopted their respective series of measures including lockdown on a city or even a country in order to curb the spread of the epidemic. As a result, global import and export business showed a marked decline. As a major importer and exporter, China could not remain unscathed from the negative effects of the epidemic in the context of economic globalisation. In the first quarter, the national economy faced stagnation and the real economy was badly hit. The domestic economy staged a gradual recovery since the start of second quarter, as the Central Government strongly supported enterprises to resume work and production and resolved their funding issues with monetary and financial policies. According to the National Bureau of Statistics of China, the gross floor area sold for commodity properties decreased by 8.4% year on year to 694.04 million sq. m. in the first half of 2020 while the sales value of commodity properties decreased by 5.4% year on year to RMB6.6895 trillion, with the decline narrowed by 3.9 percentage points and 5.2 percentage points as compared with those from January to May this year respectively.

Against this backdrop, in order to fully release domestic consumption potential, the Central Government not only proposed to promote a new type of urbanization and promulgated new measures regarding devolution of authority of examination and approval in land use, but also encouraged the acceleration of urban renewal, contributing to the property industry in the mid to long term. The People's Bank of China has cut the required reserve ratio thrice during the period so as to maintain the liquidity of the real economy at a reasonable and sufficient level. Local governments adopted city-specific policies to support the property industry from both demand and supply sides. On one hand, the local governments relieved pressure of enterprises in the aspect of land transfer by eliminating certain limitations on land transfer, increasing quality land supply, allowing deferment of land payments or payments by installments and extending the completion date; on the other hand, from the perspective of demand side, the governments adhered to the major regulatory principles of “restrictions on purchase” and “restrictions on loans” and stimulated market demand by loosening restrictions on settlement policy, lowering threshold for introduction of talents as well as increasing subsidy for property purchase with an aim to maintain steady development in the property market as a whole.

Contracted Sales

During the period, in the face of abrupt novel coronavirus epidemic, the Group proactively made use of various online marketing channels including online live streaming and proprietary sales platforms – a WeChat application “Kaisa-your dream house (築夢佳)” and a mobile application “Kaisa-your new house (置業佳)” and collaborated with various major property sales platforms to accelerate destocking to the fullest extent through both online and offline channels and VR house viewing. With gradual resumption of production and work throughout China, market demand rebounded steadily. The Group has highly emphasized on the enhancement of product quality and customer services, thus winning the trust and hearts of consumers.

Contracted sales attributable to the Group grew by 3.9% year on year to approximately RMB36,032 million for the six months ended 30 June 2020. According to the “Chinese Property Developers’ Rankings by Sales from January to June of 2020” jointly published by China Real Estate Information Corporation (“**CRIC**”) and China Real Estate Appraisal Center, the Group ranked 27th in terms of attributable contracted sales, ranking the top among the top 100 property developers.

In terms of the contracted sales, approximately 60% was derived from the Guangdong-Hong Kong-Macau Greater Bay Area (the “**Greater Bay Area**”). In particular, Shenzhen, as one of the key markets for the Group’s sales, has benefitted from the favourable policies such as the Greater Bay Area Initiative, the Shenzhen pilot demonstration area, Shenzhen metropolis circle, where transactions in the new property and secondary property markets have been active since the second quarter of the year.

During the period, various urban renewal projects of the Group achieved satisfactory sales results, of which Kaisa City Plaza in Yantian, ranked number one in terms of transaction volume in Shenzhen in the first half of the year. Among other cities in the Greater Bay Area, Guangzhou Future City and Huizhou Riverbank New Town ranked the first in terms of sales in the respective city; a number of projects located in the Yangtze River Delta such as Shanghai Kaisa Mansion No. 8, Nanjing Kaisa Yuefeng and Zhangjiagang Fengming Riverside ranked top 5 in the respective districts in terms of sales.

Land Bank

During the period, the Group continued to replenish its land bank through diversified channels. In light of the robust development in the Greater Bay Area and excellent reputation built up by the Group as a result of intensive development in that regional market, it established presence in the core cities in the Greater Bay Area such as Hong Kong, Shenzhen and Guangzhou during the period by adding various quality lands to capture the benefits brought about by market development.

In the first half of 2020, the Group acquired a total of 23 parcels of land, with approximately 2.8 million sq. m. of attributable gross floor area (“**GFA**”), for an aggregate attributable consideration of RMB22,208 million, which translated to an average land cost of over RMB7,896 per sq. m.. In terms of the attributable GFA of such newly acquired lands, those in the Greater Bay Area, Central China and Western China accounted for 74%, 10% and 10% of the total newly acquired lands of the Group, respectively.

As of 30 June 2020, the Group has 195 real estate projects in 48 cities nationwide. The Group’s land bank totaled approximately 26.8 million sq. m., of which approximately 14.0 million sq. m. or 52.2% 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 41.1% of its land bank in the Greater Bay Area.

Urban Renewal

With regards to urban renewal, as a leading enterprise focusing on the urban renewal market in the Greater Bay Area, the Group still owns urban renewal projects covering large areas which are yet to be included in land bank of the Company. These projects are substantially located in the core cities in the Greater Bay Area such as Shenzhen and Guangzhou. The Group plans to replenish quality land resources for the Company's sales through stable conversion of such urban renewal projects every year.

During the first half of the year, despite the adverse impact brought by the COVID-19 epidemic, the Group successfully converted 1 urban renewal project located in Sai Wan, Hong Kong, 2 projects located in Nanshan District and Luohu District in Shenzhen respectively, and 2 projects located in Zengcheng District and Nansha District in Guangzhou respectively. These projects provided the Group with an aggregate GFA of over 811,000 sq. m., with aggregate saleable resources amounting to approximately RMB27 billion. In terms of the attributable consideration for land acquisition in the first half of 2020, land supply from urban renewal accounted for approximately 23.9% of overall land supply of the Group. Urban renewal has become an important means of the Group to secure projects in the first-tier cities where land resources are scarce.

It is worth noting that the Group succeeded in converting an urban renewal project located in Eastern Street, Sai Wan, Hong Kong during the period. Currently, the project is at the stage of demolition on site. This is the Group's first urban renewal project in Hong Kong, which is expected to provide the Group with a valuable opportunity in acquiring prime land plots in Hong Kong and enriching its urban renewal experience in the Greater Bay Area.

With Kaisa's outstanding performance in the urban renewal segment, in March this year, the Group was honoured as the top 1 among "2020 China's Outstanding Real Estate Enterprises on Urban Renewal" at the Research Results Announcement Conference of China's Top 100 Real Estate Enterprises for 2020 organized by China Index Academy and China Real Estate Top 10 Research.

Financing and Capital Market Management

In the first half of 2020, given that the real economy was hit by COVID-19 epidemic, the People's Bank of China implemented active monetary policies such as reduction in the required reserve ratio and the lending rate to maintain liquidity at a reasonable and sufficient level. During the period, onshore financing cost of the Group decreased as compared with that in the end of 2019. Meanwhile, the Group continued to explore new financing channels to improve debt structure and lower financing cost. In April and July this year, the Group issued two asset-backed securities ("ABS") projects, one being secured by mortgage balloon payments and another linked to supply chain financing respectively in an aggregate amount of RMB1.2 billion, with the coupon rates of the aforesaid products ranged from 7% to 7.5%.

Moreover, in July this year, the Group was granted issuer ratings of "AA+" with a "Stable" outlook respectively by CEXI and United Credit Ratings domestically, laying a solid foundation for the Group's further expansion of its domestic financing channels.

During the period, Moody's Investors Service, Standard & Poor's Rating Services and Fitch Ratings also reaffirmed Kaisa's issuer ratings of "B1", "B" and "B" with "Stable" outlook respectively. In view of the fluctuations in the offshore Chinese-issued US dollar bonds market in the first half of the year, the Group adopted forward-looking strategies to take advantage of the offshore financing market by issuing bonds including two tranches of senior notes due 2025 to raise funds for corporate development, strengthening its resilience to withstand adversity and increasing the flexibility in use of funds. Regarding offshore bank financing channels, leveraging the two plots of residential land acquired in Hong Kong, the Company has established good business relationship with major commercial banks.

During the period, the Group redeemed short-term senior notes in an aggregate amount of US\$27 million through buyback, in order to manage its liability in a proactive manner.

As at 30 June 2020, the Group's cash and bank deposits (including bank deposits, cash and bank balances and restricted cash) amounted to RMB40,473.9 million. The Group's quick ratio (cash and bank deposits divided by short-term borrowings) remained at 1.28 times, reflecting the Group's solid liquidity position.

Benefitted from its cash flow management and prolonged deleveraging measures, the Group ranked the 8th among "2020 TOP 10 Hong Kong-listed Chinese Real Estate Enterprises in terms of Financial Stability" (2020 中國大陸在港上市房地產公司財務穩健性 TOP10) in the period. The award was granted by China Index Academy and China Real Estate Top 10 Research.

In the first half of the year, the Group was included in Hang Seng Large-Mid Cap Value Tilt Index, which will be conducive to its goal of being included in more index funds and will increase the trading liquidity of the Group's shares, thereby further enhancing the investment value of the Group. With the trust and support from investors, in March and July this year, the Group was awarded as "New Fortune Best IR of Hong Kong-Listed Companies" (新財富最佳 IR 港股公司) and "Honored Company of 2020 All-Asia Executive Team" (2020 年亞洲區公司管理團隊) organized by Institutional Investor respectively, reflecting the recognition for its investor relations efforts by the capital market.

CORPORATE SOCIAL RESPONSIBILITY

In the first half of 2020, to perform its social responsibility as a corporate citizen, the Group donated RMB10 million to support prevention and control of the COVID-19 epidemic. It also took various actions such as donating protective suits, alcohol and vegetables to tide over the hardship together with the society. At the same time, as a pioneer enterprise in Guangdong taking part in targeted poverty alleviation, Kaisa has made an aggregate donation of RMB513 million for the sole purpose of poverty alleviation in Guangdong Province since 2017, the donation amount ranked the top among enterprises in Guangdong for the past four years. During the period, the Group was honoured as an "Outstanding Contributing and Caring Enterprise" in the event of the 10th anniversary of "Guangdong Poverty Relief Day" (廣東省扶貧濟困日活動10週年突出貢獻愛心企業) by Leading Group for Poverty Relief in Guangdong Province.

Meanwhile, as one of early movers in urban renewal business in Shenzhen, Kaisa operated urban renewal projects to build a number of public ancillary facilities including social housing, primary and secondary schools and kindergartens. These projects not only provided valuable land resources to urban development but also achieved a win-win situation among the stakeholders.

PROSPECTS

Looking ahead, the volatility of the COVID-19 epidemic around the world and Sino-US frictions will add uncertainties to China's economic development, yet the Central Government proposed "stability on the six fronts" which aimed at stabilising employment, financial market, external trade, both foreign and domestic investment and expectations, and "maintaining security in the six areas", which referred to job security, basic living needs, operations of market entities, food and energy security, stable industrial and supply chains and the normal functioning of operation of primary-level governments, all of which are anticipated to remain as the key goals throughout the year.

Meanwhile, at the conference of Central Political Bureau of the Communist Party of China (CPC) held on 30 July 2020, the Central Government reiterated its commitment to principle that houses are built to be inhabited, not for speculation, in order to promote the steady health development of property market. It is believed that the Central Government will persist in refraining from using property market as a means to stimulate economy in the short term whereas stabilization of both land prices and housing prices and management of market expectations and city-specific policies shall be continued, under which differentiated regulatory measures shall be adopted to the property market in different parts of China in a scientific, precise and timely manner, ensuring steady and sound development of the property market.

Against this backdrop, the Group will continue to respect the market and customers' requirements to produce quality products which satisfy our customers. In addition, the Group will pay close attention to investment opportunities in prosperous cities located in the Greater Bay Area, Yangtze River Delta, Central China, Western China and Pan-Bohai Bay Rim, in order to achieve quick turnover, high profitability and sizable development.

At present, China's property market is in the transition period from a growing market to a saturated market, urban renewal will undoubtedly become a new growth driver for urban development. Targeted at a trillion-worth urban renewal market, with our forward-looking layout and intensive development of urban renewal markets in first-tier and second-tier core cities including Shenzhen, Guangzhou and Shanghai, the Group accumulated abundant quality project resources, laying a solid foundation for sales growth in the future. At the same time, the Group also strictly follows policy direction and proactively implements the three-driver core strategy, namely Property + Urban Renewal + Industry, focusing on the property development as a major business, while seeking new drivers of profit growth with synergized development of a diversity of industries.

This year, we celebrate 40-year anniversary of establishment of Shenzhen Special Economic Zone. Shenzhen has been assigned important missions and goals according to national strategies such as the Outline Development Plan for the Guangdong-Hong Kong-Macau Greater Bay Area (《粵港澳大灣區發展規劃綱要》) and 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), it is expected that the overall property market in Shenzhen would maintain stable growth in the long term. Meanwhile, the Shenzhen government accelerated urban renewal to implement the strategy for stabilizing land supply through multiple channels. Building its business around urban renewal in Shenzhen, Kaisa undoubtedly sees this as a golden opportunity. To this end, the Group will continue to push forward the implementation of key urban renewal projects in Shenzhen as well as to seize investment opportunities in other core cities in the Greater Bay Area.

In the meantime, the Group will continue to strengthen its capital and budget management, optimise cost and expense management, and explore low-cost and diversified financing channels.

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 Company for their trust and support. The Group will pay close attention to the epidemic development. Also, 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 2020

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

During the six months ended 30 June 2020, the Group recorded a turnover of approximately RMB22,296.8 million, representing an increase of 10.9% as compared with approximately RMB20,106.0 million for the corresponding period in 2019. Profit for the period attributable to owners of the Company amounted to approximately RMB2,768.7 million, representing a year-on-year decrease of 2.4%. The core net profit attributable to owners of the Company, (excluding net fair value loss on financial assets at fair value through profit or loss, net exchange losses, net fair value gain on investment properties, fair value gain on financial derivatives and net of respective deferred tax) increased by 25.7% to approximately RMB3,461.3 million from the same period last year. Basic earnings per share amounted to RMB45.6 cents (six months ended 30 June 2019: RMB46.7 cents).

The Board recommended the payment of an interim dividend of HK3 cents per share for the six months ended 30 June 2020 (six months ended 30 June 2019: 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 2020

In the first half of 2020, the Group's contracted sales amounted to approximately RMB36,032 million, representing an increase of 3.9% from the first half of 2019. Aggregated GFA sold for the period was 2,119,033 sq. m., representing an increase of 8.0% from the first half of 2019. Average selling price of the contracted sales in the first half of 2020 was RMB17,004 per sq. m. (first half of 2019: RMB17,686 per sq. m.). The table below shows the Group's contracted sales by region in the first half of 2020:

| Region | Contracted sales area (sq.m.) | Contracted sales amount (RMB in millions) |
|----------------------|----------------------------------|--|
| Pearl River Delta | 908,855 | 20,577 |
| Yangtze River Delta | 278,510 | 5,974 |
| Central China Region | 120,686 | 1,277 |
| Western China Region | 316,268 | 3,838 |
| Pan-Bohai Bay Rim | 494,714 | 4,366 |
| Total | 2,119,033 | 36,032 |

Property development

Projects completed in the first half of 2020

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 0.95 million sq. m..

Projects under development

As at 30 June 2020, the Group had 94 projects under development with an aggregate of GFA of approximately 14.8 million sq. m..

Property management

The Group generated revenue from providing property management services. During the six months ended 30 June 2020, the Group managed a total GFA of approximately 48.8 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 2020, the Group's property services penetrated into 44 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 2020, the Group held 21 investment property projects, with an aggregate GFA of 1.36 million sq. m., including completed investment properties of GFA of 0.63 million 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 2020, the Group acquired a total of 23 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 RMB22,208 million, and the average land cost attributable to the total GFA per unit was approximately RMB7,896 per sq. m.. The total attributable GFA per maximum allowed plot ratio attributable to the Group was approximately 2.8 million sq. m..

As at 30 June 2020, the Group had a total land bank of nearly 26.8 million sq. m. and approximately 52.2% of land bank was located in the Greater Bay Area, which is sufficient for the Group's development needs for the next five years.

Management Discussion and Analysis (continued)

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.) | | |
| January 2020 | Hangzhou, Zhejiang | 51% | 49,166 | 55,164 | 457.6 | Residential |
| February 2020 | Changsha, Hunan | 49% | 126,529 | 228,252 | 774.9 | Residential and commercial |
| March 2020 | Shijiazhuang, Hebei | 100% | 88,649 | 106,379 | 73.1 | Residential |
| March 2020 | Dongguan, Guangdong | 34% | 69,524 | 70,914 | 837.4 | Residential |
| March 2020 | Dongguan, Guangdong | 24% | 33,763 | 26,465 | 169.3 | Residential and commercial |
| March 2020 | Zhongshan, Guangdong | 100% | 33,000 | 83,000 | 727.1 | Residential |
| March 2020 | Chengdu, Sichuan | 55% | 45,635 | 50,160 | 489.4 | Residential and commercial |
| May 2020 | Foshan, Guangdong | 51% | 62,406 | 90,990 | 1,027.7 | Residential and commercial |
| May 2020 | Changsha, Hunan | 65% | 34,300 | 57,879 | 319.0 | Residential and commercial |
| May 2020 | Guangzhou, Guangdong | 100% | 113,401 | 340,204 | 2,923.0 | Residential |
| May 2020 | Dongguan, Guangdong | 49% | 22,451 | 33,002 | 374.9 | Residential |
| June 2020 | Huizhou, Guangdong | 55% | 110,871 | 189,035 | 1,080.8 | Residential and commercial |
| June 2020 | Dongguan, Guangdong | 51% | 27,600 | 42,177 | 359.8 | Residential |
| June 2020 | Jieyang, Guangdong | 100% | 159,004 | 461,727 | 494.0 | Residential and commercial |
| June 2020 | Chongqing | 100% | 116,773 | 175,160 | 1,325.0 | Residential |
| June 2020 | Dongguan, Guangdong | 51% | 60,512 | 77,153 | 1,335.0 | Residential |
| June 2020 | Chengdu, Sichuan | 100% | 39,588 | 59,382 | 947.1 | Residential |
| June 2020 | Guangzhou, Guangdong | 80% | 102,392 | 262,123 | 2,114.3 | Residential and commercial |
| June 2020 | Shenzhen, Guangdong | 51% | 5,427 | 17,054 | 217.2 | Industrial |
| June 2020 | Shenzhen, Guangdong | 26% | 7,241 | 13,780 | 635.6 | Residential |
| June 2020 | Guangzhou, Guangdong | 80% | 243,200 | 314,960 | 1,840.0 | Residential and commercial |
| Onshore Sub-total | | | 1,551,432 | 2,754,960 | 18,522.2 | |
| January 2020 | New Territories, Hong Kong | 100% | 13,538 | 54,152 | 3,185.0 | Residential |
| May 2020 | Hong Kong Island, Hong Kong | 100% | 365 | 3,258 | 500.5 | Residential |
| Offshore Sub-Total | | | 13,903 | 57,410 | 3,685.5 | |
| Total | | | 1,565,335 | 2,812,370 | 22,207.7 | |

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 10.9% to approximately RMB22,296.8 million for the six months ended 30 June 2020 from approximately RMB20,106.0 million for the corresponding period in 2019. 92.6% of the Group's revenue was generated from the sales of properties (2019: 92.0%) and 7.4% from other segments (2019: 8.0%).

Sales of properties

Revenue from sales of properties increased by approximately RMB2,137.5 million, or 11.6%, to approximately RMB20,639.3 million for the six months ended 30 June 2020 from approximately RMB18,501.7 million for the corresponding period in 2019. The increase was primarily attributable to an increase in the average selling price of the GFA delivered for the six months ended 30 June 2020.

Rental income

Revenue from rental income decreased by approximately RMB32.2 million, or 16.5%, to approximately RMB162.5 million for the six months ended 30 June 2020 from approximately RMB194.7 million for the corresponding period in 2019. The decrease was primarily due to the outbreak of the COVID-19 pandemic.

Property management

Revenue from property management service increased by approximately RMB179.7 million, or 47.9%, to approximately RMB554.8 million for the six months ended 30 June 2020 from approximately RMB375.0 million for the corresponding period in 2019. 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 RMB28.5 million, or 28.5% to approximately RMB71.6 million for the six months ended 30 June 2020, from approximately RMB100.0 million for the corresponding period in 2019. The hotel and catering operations have been affected by the outbreak of the COVID-19 pandemic.

Cinema, department stores and cultural centre operations

Revenue from cinema, department stores and cultural centre operations decreased by approximately RMB95.1 million, or 68.1%, to approximately RMB44.5 million for the six months ended 30 June 2020 from approximately RMB139.5 million for the corresponding period in 2019. The cinema, department stores and culture centre operations have been affected by the outbreak of the COVID-19 pandemic.

Water-way passenger and cargo transportation

Revenue from water-way passenger and cargo transportation decreased by approximately RMB199.5 million, or 50.7% to approximately RMB193.7 million for the six months ended 30 June 2020 from approximately RMB393.2 million for the corresponding period in 2019. The water-way passenger and cargo transportation have been affected by the outbreak of the COVID-19 pandemic.

Gross profit

The Group recorded a gross profit of approximately RMB7,539.2 million and a gross profit margin of 33.8% for the six months ended 30 June 2020 respectively, as compared to gross profit of approximately RMB6,707.5 million and a gross profit margin of 33.4% 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 2020.

Other losses – net

The Group had net other losses of approximately RMB246.9 million for the six months ended 30 June 2020, as compared to net other losses of approximately RMB314.1 million for the corresponding period in 2019. The Group's net other losses for the six months ended 30 June 2020 mainly comprised provision for expected credit loss of approximately RMB498.5 million, net fair value losses on financial assets at fair value through profit or loss ("FVTPL") of approximately RMB201.9 million, write-down of completed properties held for sale and properties under development of approximately RMB422.6 million, remeasurement losses resulting from associates and joint ventures transferred to subsidiaries of approximately RMB369.3 million and offset by government subsidy income of approximately RMB53.6 million, and provisional gains on disposals of subsidiaries of approximately RMB793.2 million. 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 losses on financial assets at FVTPL of approximately RMB33.8 million offset by dividend income from financial assets at FVTPL of approximately RMB23.3 million and net gain on disposals of financial assets at FVTPL of approximately 241.9 million.

Gain on deemed disposals of subsidiaries

The Group had recorded gain on deemed disposals of subsidiaries of approximately RMB325.9 million for the six months ended 30 June 2020 and approximately RMB979.4 million for the corresponding period in 2019.

Selling and marketing costs

The Group's selling and marketing costs increased by approximately RMB17.0 million, or 2.3%, to approximately RMB747.6 million for the six months ended 30 June 2020 from approximately RMB730.6 million for the corresponding period in 2019.

Administrative expenses

The Group's administrative expenses decreased by approximately RMB56.1 million, or 4.2%, to approximately RMB1,267.4 million for the six months ended 30 June 2020 from approximately RMB1,323.5 million for the corresponding period in 2019. The decrease was primarily attributable to the strict control over the administrative expenses of the Group.

Net fair value gains on investment properties

The net fair value gains on the Group's investment properties decreased by approximately RMB318.2 million or 81.5% to approximately RMB72.2 million for the six months ended 30 June 2020 from RMB390.3 million for the corresponding period in 2019, which was in line with the prevailing market conditions.

Finance costs – net

The Group's net finance costs increased by approximately RMB711.1 million, or 201.1% to approximately RMB1,064.8 million for the six months ended 30 June 2020 from approximately RMB353.6 million for the corresponding period in 2019. The increase was mainly due to the increase in exchange losses to RMB683.9 million from RMB111.4 million for the corresponding period in 2019. The exchange loss mainly arised from the U.S. dollar denominated offshore financing as a result of the depreciation of Renminbi against the U.S. dollar.

Income tax expenses

The Group's income tax expenses decreased by approximately RMB114.3 million, or approximately 4.5%, to approximately RMB2,400.7 million for the six months ended 30 June 2020 from approximately RMB2,515.0 million for the corresponding period in 2019.

Profit and total comprehensive income for the six months ended 30 June 2020

As a result of the foregoing, the Group's profit and total comprehensive income for the six months ended 30 June 2020 amounted to approximately RMB2,358.7 million and approximately RMB2,345.0 million, respectively (six months ended 30 June 2019: profit and total comprehensive income amounted to approximately RMB2,777.1 million and RMB2,745.4 million, respectively).

Liquidity, financial and capital resources

Cash position

As at 30 June 2020, the carrying amount of the Group's cash and bank deposits was approximately RMB40,473.9 million (31 December 2019: RMB36,978.0 million), representing an increase of 9.5% as compared to that as at 31 December 2019. 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 2020, 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 RMB5,561.8 million as at 30 June 2020 (31 December 2019: RMB6,016.5 million).

Senior notes

During the six months ended 30 June 2020, the Group issued US\$500 million 10.5% senior notes due 2025 and US\$300 million 9.95% senior notes due 2025 in January 2020; US\$400 million 6.75% senior notes due 2021 in February 2020; and US\$300 million 7.875% senior notes due 2021 in June 2020.

During the six months ended 30 June 2020, the Group made on-market repurchase of 7.25% senior notes due 2020 with a principal amount of US\$27 million in June 2020. The repurchased notes were cancelled accordingly.

During the six months ended 30 June 2020, the Group repaid 7.25% senior notes due 2020 with a principal amount of US\$513.0 million upon maturity in June 2020.

Management Discussion and Analysis (continued)

Details of movement is set out below:

| | 7.25% | 6.75% | 7.875% | 7.875% | 11.75% | 11.25% | 8.5% | 11.95% | 11.5% | 10.875% | 11.95% | 9.375% | 10.5% | 9.95% |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | senior notes | senior notes | senior notes | senior notes | senior notes | senior notes | senior notes | senior notes | senior notes | senior notes | senior notes | senior notes | senior notes | senior notes |
| | due 2020 | due 2021 | due 2021 | due 2021 | due 2021 | due 2022 | due 2022 | due 2022 | due 2023 | due 2023 | due 2023 | due 2024 | due 2025 | due 2025 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| At 1 January 2020 | 540,000 | - | 400,000 | - | 400,000 | 550,000 | 1,147,000 | 600,000 | 700,000 | 450,000 | 300,000 | 3,051,500 | - | - |
| New issuance | - | 400,000 | - | 300,000 | - | - | - | - | - | - | - | - | 500,000 | 300,000 |
| Repayment upon maturity | (513,000) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Repurchase and cancellation | (27,000) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| At 30 June 2020 | - | 400,000 | 400,000 | 300,000 | 400,000 | 550,000 | 1,147,000 | 600,000 | 700,000 | 450,000 | 300,000 | 3,051,500 | 500,000 | 300,000 |

All of the notes above are listed and traded on the Singapore Stock Exchange.

Convertible bonds

As at 30 June 2020, the Group had 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 adjusted conversion price of HK\$4.66 per share and assuming full conversion of the Convertible Bonds at the adjusted conversion price, the Convertible Bonds will be convertible into 168,025,751 new shares.

Borrowings and charges on the Group's assets

As at 30 June 2020, the Group had aggregate borrowings of approximately RMB121,659.1 million, of which approximately RMB31,576.5 million will be repayable within 1 year, approximately RMB32,520.4 million will be repayable between 1 and 2 years, approximately RMB54,188.2 million will be repayable between 2 and 5 years and approximately RMB3,374.0 million will be repayable over 5 years.

As at 30 June 2020, 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 2020, 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 27.8% (31 December 2019: 29.6%). The Group's net current assets increased by 16.4% from approximately RMB66,819.0 million as at 31 December 2019 to approximately RMB77,770.4 million as at 30 June 2020. The quick ratio (cash and bank deposits divided by short-term borrowings) increased to 1.2 times as at 30 June 2020 from as at 1.1 times as at 31 December 2019, and the current ratio increased to 1.6 times as at 30 June 2020 from 1.5 times as at 31 December 2019.

Cost of borrowings

For the six months ended 30 June 2020, the Group's total cost of borrowings (including net exchange losses) was RMB1,295.9 million, representing an increase of approximately RMB718.0 million or 124.3% as compared to the corresponding period in 2019. The increase was primarily attributable to the increase in the net exchange losses 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 2020, the Group had borrowings in US dollar and HK dollar with an aggregate carrying amount of RMB69,309.6 million, 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 2020, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to its customers amounting to approximately RMB33,994.8 million (31 December 2019: RMB32,816.5 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 2020, the Group had approximately 16,000 employees (31 December 2019: approximately 15,300 employees). The related employees' costs (including the directors' remuneration), for the six months ended 30 June 2020 amounted to approximately RMB763.5 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 schemes and a subsidiary share option scheme. Details of the share option schemes are set out in this report.

PROJECT PORTFOLIO

AS AT 30 JUNE 2020

| No. | Projects | Address | Location | Type ⁽¹⁾ |
|-----------------------------|---|---|----------|--------------------------|
| The Greater Bay Area | | | | |
| 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 ⁽²⁾ | 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, Nanshan District | Shenzhen | Residential |
| 6 | Shenzhen Mingcui Garden | Ping'an Avenue, Liang'antian Community, Pinghu Sub-district, 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 Technology Center | Shennan Avenue, Futian District | Shenzhen | Commercial |
| 10 | Shenzhen Metro City ⁽²⁾ | 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 ⁽²⁾ | Mumianwan Station, Longgang Avenue, Buji, Longgang District | Shenzhen | Residential |
| 13 | Shenzhen Dapeng Kaisa Peninsula Resort | Yingbin Avenue, Dapeng New District | Shenzhen | Commercial |
| 14 | Shenzhen Kaisa Yuefeng Garden | Bulong Road, Bantian, Longgang District | Shenzhen | Residential |
| 15 | Shenzhen Yantian Kaisa 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 Street, 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 | Junction of Shouzhun 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 New District | Shenzhen | Commercial |
| 22 | Shenzhen Kaisa Dongmen New World ⁽²⁾ | Dongmen Street, Luohu District | Shenzhen | Commercial & Residential |
| 23 | Shenzhen Kaisa E Cube | Junction of Huanguan Nan Road and Guantian Road, Guanlan Street, Longhua District | Shenzhen | Commercial & Residential |
| 24 | Shenzhen Nam Tai Inno Park | West Wing of High-tech Industrial Park, Guangming District | Shenzhen | Industrial |
| 25 | Shenzhen Nam Tai Technology Center | 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 Kaisa Marine Mangrove Bay | Intersection of Honghua Road and Xiangzhang Road, Futian District | Shenzhen | Residential |
| 28 | Shenzhen Kaisa Yuebanshan | Junction of Jiuwei Road and Huangmabu Road, Bao'an District | Shenzhen | Residential |

| 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.) | |
| 1-8 | 160,514 | 580,135 | 580,135 | - | - | 100% |
| 1-7 | 185,724 | 735,299 | 735,299 | - | - | 100% |
| - | 5,966 | 98,241 | 98,241 | - | - | 100% |
| 1-5 | 182,064 | 388,626 | 388,626 | - | - | 100% |
| - | 57,984 | 143,796 | 143,796 | - | - | 100% |
| 1-4 | 102,439 | 394,663 | 394,663 | - | - | 100% |
| - | 9,066 | 105,830 | 105,830 | - | - | 100% |
| - | 45,829 | 231,572 | 231,572 | - | - | 100% |
| 1 | 14,411 | 142,000 | - | 142,000 | - | 100% |
| 1-4 | 5,241 | 124,479 | 124,479 | - | - | 100% |
| 1-4 | 179,642 | 1,084,854 | 825,271 | 259,583 | - | 100% |
| 1-4 | 19,393 | 138,892 | 138,892 | - | - | 100% |
| 1-2 | 48,256 | 186,466 | 186,466 | - | - | 100% |
| 1-2 | 47,890 | 165,455 | 165,455 | - | - | 100% |
| 1-3 | 170,311 | 694,042 | 299,206 | 394,836 | - | 100% |
| 1-4 | 869,838 | 516,400 | - | 333,910 | 182,490 | 51% |
| 1 | 34,449 | 77,834 | 77,834 | - | - | 100% |
| 1-2 | 49,582 | 295,749 | 295,749 | - | - | 51% |
| 1-2 | 118,488 | 475,000 | 382,922 | 92,078 | - | 100% |
| 1-2 | 48,773 | 279,003 | 161,529 | 117,474 | - | 80% |
| 1 | 25,966 | 51,930 | - | 51,930 | - | 50% |
| 1 | 5,992 | 50,556 | 50,556 | - | - | 72% |
| 1 | 34,129 | 160,970 | 2,306 | 158,664 | - | 51% |
| 1 | 103,739 | 331,701 | - | 331,701 | - | 24% |
| 1 | 22,364 | 194,595 | - | 194,595 | - | 24% |
| 1 | 22,367 | 170,200 | - | - | 170,200 | 24% |
| 1 | 9,467 | 42,600 | - | 42,600 | - | 70% |
| 1 | 35,239 | 150,820 | - | - | 150,820 | 40% |

Project Portfolio (continued)

| No. | Projects | Address | Location | Type ⁽¹⁾ |
|-----|--|--|-----------|--------------------------|
| 29 | Shenzhen Tongda Huixuan ⁽²⁾ | Junction of Jianhui Road and Zhicheng Road, Longhua District | Shenzhen | Commercial & Residential |
| 30 | Shenzhen Futian Dongshan Project (P1) | No. 8008 Binhe Avenue, Futian District | Shenzhen | Residential |
| 31 | Shenzhen Kaisa Metropolis Plaza ⁽²⁾ | Buji Street, Longgang District | Shenzhen | Commercial & Residential |
| 32 | Shenzhen Kaisa Sky-high Summit ⁽³⁾ | Guangming Avenue, Guangming District | Shenzhen | Commercial & Residential |
| 33 | Shenzhen Luohu Sanshun Project | Dongxiao Street, Luohu District | Shenzhen | Industrial |
| 34 | Shenzhen Nanshan Shahe Project | North of Shahe Street, intersection of Qiaofa Road and Qiaoshen Road, Nanshan District | Shenzhen | Commercial |
| 35 | Guangzhou Kaisa Plaza ⁽²⁾ | No.191 Tiyu West Road, Tianhe District | Guangzhou | Commercial |
| 36 | Guangzhou Monarch Residence | No.99 Jiangnan Avenue Central, Haizhu District | Guangzhou | Residential |
| 37 | Guangzhou Kaisa Mansion No. 1 | No.505 Huangpu Avenue, Financial Center, Tianhe District | Guangzhou | Residential |
| 38 | Guangzhou Sky Villa | Tongbao Road, Guangzhou Avenue North, Baiyun District | Guangzhou | Residential |
| 39 | Guangzhou Sky Mansion | Lot No.20, Meihua Garden, Shatai Road, Baiyun District | Guangzhou | Residential |
| 40 | Guangzhou Kaisa City Plaza | Lot No.49, Nangang, Yunpu Industrial Zone, Huangpu District | Guangzhou | Residential |
| 41 | Guangzhou Kaisa Future City | No.3889 Huangpu Avenue East, Huangpu District | Guangzhou | Commercial |
| 42 | Guangzhou Kaisa Center | East of Beihao Yong, Northwest to the Luoxi Bridge, Haizhu District | Guangzhou | Commercial |
| 43 | Guangzhou Kaisa Baiyun City Plaza | West of Baiyun New Town, South of Huangshi West Road, and East of Shicha Road, Baiyun District | Guangzhou | Residential |
| 44 | Guangzhou Kaisa Yuejiang Mansion | Lingshan Island, MingZhu Bay, Nansha Free Trade Zone | Guangzhou | Residential |
| 45 | Guangzhou Jiaze Garden | Huangniukan, Wuyi Village, Licheng Street, Zengcheng District | Guangzhou | Residential |
| 46 | Guangzhou Kaisa Yuefeng | Jiuru Village, Ningxi Street, Zengcheng District | Guangzhou | Residential |
| 47 | Guangzhou Kaisa Fengming Mountain | East of Huangge West Road, Huangge Town, Nansha District | Guangzhou | Residential & Commercial |
| 48 | Guangzhou Xiajing Village Project | West of Guanghe Highway, East of Zhonghua Road, middle of Zhongxin Town, Zengcheng District | Guangzhou | Residential & Commercial |
| 49 | Qingyuan Kaisa City Plaza | South of GuangQing Avenue, Longtang Town, Qingcheng District | Qingyuan | Residential |
| 50 | Foshan Shunde Kaisa Golden World | West of Waihuan Road, Ronggui Town, Shunde District | Foshan | Residential |
| 51 | Foshan Kaisa Metro City | No.169 Guangfo Road, Huangqi Town, Nanhai District | Foshan | Commercial |
| 52 | Foshan Kaisa E Cube | No. 97 Yanbu Huanzhen North Road, Dali Town, Nanhai District | Foshan | Commercial |
| 53 | Foshan Kaisa Yuefeng | South of Kuiqi West Road, West of Zhenzhong Road, Shiwan Sub-district, Chancheng District | Foshan | Residential |
| 54 | Foshan Guicheng Project | North of Xiaping Road, East of Foshan 1st Ring Road, Guicheng Street, Nanhai District | Foshan | Residential & Commercial |
| 55 | Dongguan Zhongyang Haomen | Longsheng Road, Xincheng District, Shilong Town | Dongguan | Residential |
| 56 | Dongguan Dongjiang Haomen | South of Dongjiang Road, Yangwu Village and Qishi Village, Qishi Town | Dongguan | Residential |
| 57 | Dongguan Shui'an Haomen | Fengshen Avenue, Fenggang Town | Dongguan | Residential |
| 58 | Dongguan Dijingwan | Jinshawan Square, Xincheng District, Shilong Town | Dongguan | Residential |
| 59 | Dongguan Le Grand Bleu | Xinwei Village Group, Qisha Village, Shatian Town | Dongguan | Residential |

| 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.) | |
| 1 | 9,321 | 46,176 | - | 46,176 | - | 18% |
| 1 | 7,590 | 48,875 | - | 48,875 | - | 70% |
| 1 | 6,033 | 66,600 | - | 66,600 | - | 100% |
| 1 | 28,842 | 138,820 | - | - | 138,820 | 50% |
| - | 5,427 | 33,440 | - | - | 33,440 | 51% |
| - | 7,241 | 53,000 | - | - | 53,000 | 26% |
| 1-9 | 14,192 | 233,322 | 233,322 | - | - | 100% |
| - | 7,707 | 56,666 | 56,666 | - | - | 49% |
| 1 | 15,178 | 86,138 | - | 86,138 | - | 59% |
| 1-2 | 65,627 | 230,577 | - | 230,577 | - | 49% |
| - | 19,671 | 80,854 | 80,854 | - | - | 49% |
| 1-4 | 190,742 | 776,318 | 776,318 | - | - | 95% |
| 1-3 | 321,261 | 547,995 | 370,358 | - | 177,637 | 49% |
| 1-3 | 78,644 | 315,343 | - | - | 315,343 | 50% |
| 1-4 | 179,000 | 507,650 | - | - | 507,650 | 55% |
| 1-2 | 47,626 | 94,960 | - | - | 94,960 | 49% |
| - | 17,746 | 44,364 | - | 44,364 | - | 100% |
| 1-3 | 113,401 | 340,204 | - | - | 340,204 | 100% |
| 1-2 | 102,392 | 327,654 | - | - | 327,654 | 80% |
| 1-3 | 243,200 | 393,700 | - | - | 393,700 | 80% |
| 1-5 | 343,749 | 1,183,327 | - | 308,365 | 874,962 | 100% |
| 1-9 | 197,584 | 645,921 | 645,921 | - | - | 49% |
| - | 14,406 | 101,398 | - | 101,398 | - | 49% |
| - | 15,271 | 61,082 | - | 61,082 | - | 30% |
| - | 31,017 | 94,960 | - | 94,960 | - | 100% |
| 1-2 | 62,406 | 178,411 | - | - | 178,411 | 51% |
| - | 82,742 | 377,481 | 377,481 | - | - | 100% |
| 1 | 86,324 | 243,296 | 243,296 | - | - | 100% |
| 1 | 70,734 | 200,386 | 200,386 | - | - | 80% |
| 1-2 | 46,474 | 155,432 | 155,432 | - | - | 100% |
| 1-4 | 239,050 | 717,084 | 360,281 | 356,803 | - | 100% |

Project Portfolio (continued)

| No. | Projects | Address | Location | Type ⁽¹⁾ |
|-----|---|---|----------|--------------------------|
| 60 | Dongguan Oasis Town | Junction of Huancheng Road and Green Road, Xiping Community, Nancheng District | Dongguan | Residential |
| 61 | Dongguan Yulongshan Garden | Jinzhou Community, Humen Town | Dongguan | Residential |
| 62 | Dongguan Shilong Project ⁽³⁾ | Junction of Jiangnan Middle Road and Xihu No. 1 Road, Xihu District, Shilong Town | Dongguan | Residential |
| 63 | Dongguan Riverside Woods Palace ⁽³⁾ | Junction of Dongshen Road and Bihu Avenue, Fenggang Town | Dongguan | Residential |
| 64 | Dongguan Riverside Hillview Palace ⁽³⁾ | Junction of Dongshen Road and Bihu Avenue, Fenggang Town | Dongguan | Residential |
| 65 | Dongguan Kaisa Glamourous Riverscape Garden | Douchi Island, Zhongtang Town | Dongguan | Residential |
| 66 | Dongguan Kaisa Yango Times Horizon | Dingshan Community, Houjie Street | Dongguan | Residential |
| 67 | Dongguan Namtai Longxi | Dongtai Village, Machong Town | Dongguan | Residential & Commercial |
| 68 | Dongguan Kaisa Glossy Garden | Douchi Island, Zhongtang Town | Dongguan | Residential |
| 69 | Dongguan Kaisa Glossy Riverscape Garden | Douchi Island, Zhongtang Town | Dongguan | Residential |
| 70 | Dongguan Kaisa Shimao Cloud Value Garden | North of Longyan School, Humen Town | Dongguan | Residential |
| 71 | Huizhou Kaisa Mansion No. 1 | Gutang'ao, Miaozaikeng | Huizhou | Residential |
| 72 | Huizhou Kaisa Center | No.18 Sub-district, Jiangbei, Huicheng District | Huizhou | Commercial |
| 73 | Huizhou Yuanzhou Project ^{(3) (4)} | Tanjiao Section, Liangwu Gaotou Village, Yuanzhou Town, Boluo County | Huizhou | Residential |
| 74 | Huizhou Kaisa Riverbank New Town | Jiangnan Section, Cui Mei countryside Committee, Hengkeng, Luoyang Town, Boluo County | Huizhou | Residential |
| 75 | Huizhou Kaisa Mountain Bay | Huangbujiao, Lianfeng Village, Renshan Town, Huidong County | Huizhou | Residential |
| 76 | Huizhou Kaisa Times Mocha Town | Junction of Zhongkai Avenue and Jinbang Road, Huicheng District | Huizhou | Residential |
| 77 | Huizhou Kaisa Dong River Garden | Jiangnanxincheng, Luoyang Town, Boluo County | Huizhou | Residential |
| 78 | Huizhou Longmen Longquan Dajing | Laiwu Village, Longtian Town, Longmen County | Huizhou | Residential |
| 79 | Huizhou Kaisa Monarch Residence | Junction of Huifeng West Second Road and Hechang West Fifth Road, Huicheng District | Huizhou | Residential |
| 80 | Huizhou Kaisa Jade Garden | Longsu Road, Center of Longxi Town, Boluo County | Huizhou | Residential |
| 81 | Huizhou Kaisa Yunzhu | Shangpu Road, Longxi Street, Boluo County | Huizhou | Residential |
| 82 | Huizhou Kaisa Yunfeng | Junction of Dongxiang South Road and Xinglian West Road | Huizhou | Residential |
| 83 | Huizhou Huicheng Project | Center of Ma'an Town, Huicheng District | Huizhou | Residential & Commercial |
| 84 | Zhuhai Lake View Waldorf Garden ⁽³⁾ | Shangsha Street, Wanzai, Xiangzhou District | Zhuhai | Residential |
| 85 | Zhuhai Golden World | North of Huangyang Avenue, South of Wangbao Reservoir and Jintai Temple, Doumen Town, Doumen District | Zhuhai | Residential |
| 86 | Zhuhai Kaisa Monarch Residence | North of Zhufeng Avenue, Qianwu Town, Doumen District | Zhuhai | Residential |
| 87 | Zhuhai Kaisa Yuefeng Garden | East of Xiewei village and South of Golden Coast Road, Golden Coast, Sanzao Town, Jinwan District | Zhuhai | Residential |
| 88 | Zhuhai Kaisa Golden Metro Garden | Southeast of Nanda West Road, Northeast of Gangtong Second Road, Nanshui Town, Gaolangang | Zhuhai | Residential |

| 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.] | |
| 1-4 | 65,021 | 150,772 | 150,772 | - | - | 100% |
| 1-2 | 33,910 | 109,180 | 109,180 | - | - | 100% |
| - | 5,567 | 10,131 | - | - | 10,131 | 100% |
| - | 62,802 | 155,693 | - | - | 155,693 | 85% |
| - | 64,743 | 202,294 | - | - | 202,294 | 90% |
| 1 | 38,096 | 95,239 | - | 95,239 | - | 51% |
| 1-5 | 69,524 | 208,571 | - | - | 208,571 | 34% |
| - | 33,763 | 110,271 | - | - | 110,271 | 24% |
| 1 | 22,451 | 67,352 | - | 67,352 | - | 49% |
| 1 | 27,600 | 82,700 | - | - | 82,700 | 51% |
| 1 | 60,512 | 151,280 | - | - | 151,280 | 51% |
| 1-10 | 89,998 | 260,577 | 260,577 | - | - | 55% |
| 1-3 | 70,859 | 722,945 | 722,945 | - | - | 55% |
| - | 20,400 | 61,200 | - | - | 61,200 | 100% |
| 1-13 | 1,663,969 | 4,326,239 | 3,827,870 | 467,744 | 30,625 | 55% |
| 1-3 | 169,331 | 361,653 | - | 361,653 | - | 55% |
| 1-6 | 281,066 | 641,781 | 195,313 | 433,900 | 12,568 | 51% |
| 1-4 | 176,724 | 441,810 | - | 196,332 | 245,478 | 55% |
| 1-4 | 386,891 | 630,000 | - | 285,982 | 344,018 | 70% |
| 1 | 22,201 | 71,043 | - | 71,043 | - | 55% |
| 1 | 17,392 | 78,264 | - | 78,264 | - | 55% |
| 1 | 48,179 | 168,627 | - | 168,627 | - | 18% |
| 1 | 27,820 | 130,918 | - | 130,918 | - | 28% |
| 1-4 | 110,871 | 343,700 | - | - | 343,700 | 55% |
| 1-4 | 164,354 | 550,431 | 147,814 | 96,312 | 306,305 | 100% |
| 1-4 | 192,710 | 316,037 | 316,037 | - | - | 100% |
| - | 16,088 | 28,958 | 28,958 | - | - | 100% |
| 1 | 21,970 | 73,816 | - | 73,816 | - | 100% |
| 1 | 74,729 | 129,260 | - | 129,260 | - | 100% |

Project Portfolio (continued)

| No. | Projects | Address | Location | Type ⁽¹⁾ |
|------------------------------|--|---|-----------|--------------------------|
| 89 | Zhongshan Kaisa Xiangshan Royal Palace | No. 3 Jinzhong Road, Jinzhong Village, Banfu Town | Zhongshan | Residential |
| 90 | Zhongshan Kaisa Shangpin Garden | No.1 Nanhu Road, Nanlang Town | Zhongshan | Residential |
| 91 | Zhongshan Kaisa Metro City | Junction of Xingbao Road and Yunsheng Road, Shaxi Town | Zhongshan | Residential |
| 92 | Zhongshan Kaisa Fortune Garden | No. 68 Guangfu Avenue, Dongsheng Town | Zhongshan | Residential |
| 93 | Zhongshan Kaisa Yuebanshan | In close vicinity to Changjiang Water Plant, Eastern Area | Zhongshan | Residential |
| 94 | Yangjiang Kaisa Riverside No. 1 | Longtang Road, Yangdong District | Yangjiang | Residential |
| 95 | Jieyang Project | Binhai New District, Yuedong New City, Huilai County, Jieyang | Jieyang | Residential & Commercial |
| 96 | Hong Kong Sai Wan Project | No. 1 Eastern Street, Sai Wan | Hong Kong | Residential |
| 97 | Hong Kong Tuen Mun Project | Castle Peak Road-Castele Peak Bay, Area 48, Tuen Mun, New Territories, Hong Kong | Hong Kong | Residential |
| The West China Region | | | | |
| 98 | Chengdu Kaisa Monarch Residence | Erjiangsi Village, Huayang Town, Shuangliu County | Chengdu | Residential |
| 99 | Chengdu Lijing Harbour | Group 1 and 2, Huafeng Village, Yongquan Sub-district, Wenjiang District | Chengdu | Residential |
| 100 | Chengdu Modern Town | Yingchunqiao, Dongsheng Sub-district Office, Shuangliu County | Chengdu | Commercial |
| 101 | Chengdu Kaisa Mansion No. 8 | South Sanzhiqu Area, Dongsheng Street, Shuangliu County | Chengdu | Residential |
| 102 | Chengdu Kaisa City Plaza | Group 1 and 2, Machang Village, Wenjia Sub-district Office, Qingyang District | Chengdu | Residential |
| 103 | Chengdu Kaisa Leading Town | Group 6 and 7, Taiji Community, Gongping Sub-district Office, Wenjiang District | Chengdu | Residential |
| 104 | Chengdu Kaisa Yuefu | Junction of Fengxiang Avenue and Fenghuang Avenue, Qingbaijiang District | Chengdu | Residential |
| 105 | Chengdu Kaisa Imperial Jade | No. 977, South of Fengxi Avenue, Wenjiang District | Chengdu | Residential |
| 106 | Chengdu Kaisa Tianyue Mansion | No. 64 Jinxing Road, Jinjiang District | Chengdu | Commercial & Residential |
| 107 | Chengdu Kaisa Lushan No. 1 | North of Shenyang Road, South of Lushan Avenue, Tianfu New District | Chengdu | Residential & Commercial |
| 108 | Chengdu Longquanyi Project | West of Fuxing North Road, Northern junction of Shiling Street and Baohe East Road, Longquanyi District | Chengdu | Residential |
| 109 | Pengzhou Kaisa Golden Metro | West of Chengde Avenue (Beixin Avenue), Mengyang Town | Pengzhou | Residential |
| 110 | Nanchong Kaisa Plaza | No.39 Zhengyang East Road, Shunqing District | Nanchong | Residential |
| 111 | Nanchong Monarch Residence | No.308 Baituba Road, Shunqing District | Nanchong | Residential |
| 112 | Chongqing Kaisa Plaza | Longzhouwan Street, Banan District | Chongqing | Residential |
| 113 | Chongqing Kaisa Bright Harbour | Baqiao Town, Dadukou District | Chongqing | Residential |
| 114 | Chongqing Kaisa Fengming Riverside | Ertang Village, Jingkou Street, Jingkou Town, Shapingba District | Chongqing | Residential |
| 115 | Chongqing Kaisa Zhuanshan Fortune Garden | North end of Changjiang River Bridge, Jiangjin District | Chongqing | Residential |
| 116 | Chongqing Riverside Seasons | East of Ganghua Middle Road, Dadukou District | Chongqing | Residential |
| 117 | Chongqing Kaisa Yuebanshan | Biquan Street, Bishan High-tech District | Chongqing | Residential |
| 118 | Chongqing Kaisa Skyline Residence | Xiyong, Shapingba District | Chongqing | Residential |

| 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.] | |
| 1 | 21,061 | 69,794 | 69,794 | - | - | 100% |
| 1 | 22,307 | 82,397 | 82,397 | - | - | 50% |
| 1-2 | 61,873 | 211,608 | 211,608 | - | - | 80% |
| 1-2 | 51,340 | 128,347 | - | 64,619 | 63,728 | 51% |
| 1 | 33,333 | 83,333 | - | - | 83,333 | 100% |
| 1-2 | 78,452 | 159,025 | - | 159,025 | - | 49% |
| 1-2 | 159,004 | 461,727 | - | - | 461,727 | 100% |
| - | 365 | 3,258 | - | - | 3,258 | 100% |
| - | 13,528 | 54,152 | - | - | 54,152 | 100% |
| 1-3 | 182,666 | 1,041,531 | 1,041,531 | - | - | 100% |
| 1 | 150,071 | 761,542 | 761,542 | - | - | 100% |
| 1-2 | 133,269 | 362,420 | 362,420 | - | - | 100% |
| 1-5 | 120,570 | 610,744 | 478,625 | 132,119 | - | 100% |
| 1-4 | 112,194 | 460,901 | 460,901 | - | - | 100% |
| 1-2 | 57,836 | 342,533 | 342,533 | - | - | 100% |
| 1-2 | 113,411 | 447,537 | - | 447,537 | - | 100% |
| 1 | 34,088 | 68,175 | - | 68,175 | - | 51% |
| 1 | 3,286 | 26,290 | - | 26,290 | - | 100% |
| 1 | 45,635 | 91,200 | - | 91,200 | - | 55% |
| 1 | 39,588 | 59,382 | - | 59,382 | - | 100% |
| 1-4 | 104,964 | 278,191 | 66,947 | 211,244 | - | 100% |
| 1-2 | 29,541 | 116,634 | 116,634 | - | - | 100% |
| 1-3 | 256,187 | 813,746 | 813,746 | - | - | 100% |
| 1-3 | 119,767 | 481,362 | 369,035 | 112,327 | - | 100% |
| 1-10 | 324,327 | 989,399 | 695,766 | 293,633 | - | 100% |
| 1 | 56,778 | 141,945 | - | 141,945 | - | 50% |
| 1-3 | 77,543 | 225,097 | - | 87,541 | 137,556 | 50% |
| 1 | 41,724 | 104,311 | - | 104,311 | - | 50% |
| 1-2 | 126,443 | 252,887 | - | 105,231 | 147,656 | 100% |
| 1 | 116,773 | 175,160 | - | - | 175,160 | 100% |

Project Portfolio (continued)

| No. | Projects | Address | Location | Type ⁽¹⁾ |
|---------------------------------|---|---|--------------|--------------------------|
| The Pan-Bohai Bay Rim | | | | |
| 119 | Shenyang Kaisa Center | East of Qingnian Avenue, Shenhe District | Shenyang | Commercial |
| 120 | Shenyang Kaisa Yuefeng | Changbai South Road, Heping District | Shenyang | Residential |
| 121 | Shenyang Kaisa Xuefu Mansion No. 1 | East of Xuzhou Street and North of Zhonghua Road, Heping District | Shenyang | Residential |
| 122 | Anshan Kaisa Monarch Residence | South of Ziyou Dong Road, East of Anqian Road, Lishan District | Anshan | Residential |
| 123 | Anshan Kaisa Plaza ⁽²⁾ | Renmin Road, Tiexi District | Anshan | Commercial |
| 124 | Benxi Kaisa Lake View Place | Binhe North Road, Mingshan District | Benxi | Residential |
| 125 | Huludao Suizhong Kaisa Dongdaihe ⁽³⁾ | South of Binhai Road, Dongdaihe New District, Suizhong County | Huludao | Residential |
| 126 | Qingdao Kaisa Lake View Place | East of Zhongjing Second Road, West of Wangsha Road and South of Baishahe, Xiazhuang Street, Chengyang District | Qingdao | Residential |
| 127 | Dandong Kaisa Mansion No. 1 | South of Huanghai Avenue, Zhenxing District | Dandong | Residential |
| 128 | Dalian Kaisa Center | No.24 Zhujin Street, Donggang Business District, Zhongshan District | Dalian | Commercial |
| 129 | Dalian Kaisa Plaza | No.271 Tianjin Street, Zhongshan District | Dalian | Commercial |
| 130 | Dalian Kaisa Mansion No. 1 | Junction of Zhonggang North Road and Hugang Road, Dalian Free Trade Zone | Dalian | Commercial & Residential |
| 131 | Dalian Kaisa Yuejing | East of Shengli Road, Jinpu New District | Dalian | Residential |
| 132 | Bazhou Kaisa Peacock City Yuefeng | West of Rose Garden Hot Spring Resort, Development District | Bazhou | Residential |
| 133 | Gu'an Kaisa Fengyuan Tianci Project | Near the Niutuo Hot Spring Peacock City, Niutuo Town | Gu'an | Residential |
| 134 | Shijiazhuang Kaisa Exquisite Coastal Mansion | East of Yuanda Line, North coast of Panlong Lake, Yuanshi County | Shijiazhuang | Residential |
| The Central China Region | | | | |
| 135 | Changsha Kaisa Lake View Place | Jinping Village, Tiaoma County | Changsha | Residential |
| 136 | Changsha Kaisa Times Square | Yingpan East Road, Furong District | Changsha | Residential |
| 137 | Changsha Kaisa Plaza | Wuyi Road, Furong District | Changsha | Commercial |
| 138 | Changsha Kaisa Meixi Lake Project | Meixi Lake, Yuelu District | Changsha | Residential |
| 139 | Changsha Kaisa City Plaza | Northeast of Xiangzhang Road and Yuhua Avenue Intersection, Yuhua District | Changsha | Residential & Commercial |
| 140 | Changsha Kaisa Metropolis | Junction of Huahou Road and Xiangzhang Road, Gaotie New Town, Yuhua District | Changsha | Commercial |
| 141 | Changsha Kaisa Sunshine Residence | Southeast Corner of Wanjieli Road and Xiangfu Road, Yuhua District | Changsha | Residential |
| 142 | Changsha Kaisa Bright Harbour Seasons | Southwest of intersection of Shuangyang Road and Huangyuan Road, Furong District | Changsha | Commercial |
| 143 | Zhuzhou Kaisa Golden World | Liyu Central Business District, Tianyuan District | Zhuzhou | Residential |
| 144 | Hengyang Kaisa Yuefeng | North of Chuanshan West Road, South of Lixin Avenue, West of Cailun Avenue | Hengyang | Residential |
| 145 | Wuhan Kaisa Golden World | Junction of Baisha Road and Qingling East Road, Qingling County, Hongshan District | Wuhan | Residential |
| 146 | Wuhan Kaisa Mansion No.1 | North of Zhiyin Avenue, West of Yangcheng West Road, Hangyang District | Wuhan | Residential |
| 147 | Wuhan Kaisa Plaza | No. 336 Wuluo Road, Wuchang District | Wuhan | Residential |
| 148 | Wuhan Kaisa Yuefu | North of Jinbei No.1 Road and East of Wuxinganxian, Jinghe Street, Dongxi Lake District | Wuhan | Residential |

| 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.] | |
| 1 | 21,423 | 292,331 | 292,331 | - | - | 100% |
| 1-2 | 12,947 | 38,844 | 38,844 | - | - | 100% |
| 1 | 12,874 | 102,989 | - | - | 102,989 | 51% |
| 1-4 | 129,242 | 240,688 | 61,994 | 86,716 | 91,978 | 100% |
| 1-2 | 11,238 | 85,148 | 85,148 | - | - | 50% |
| 1 | 122,200 | 324,480 | 324,480 | - | - | 100% |
| 1-13 | 1,647,042 | 2,976,942 | 669,866 | 1,214,315 | 1,092,761 | 100% |
| 1-3 | 229,865 | 381,418 | 381,418 | - | - | 100% |
| 1-4 | 133,340 | 331,542 | 214,261 | 117,281 | - | 100% |
| 1-2 | 26,610 | 156,239 | 118,589 | 37,650 | - | 100% |
| - | 15,955 | 78,454 | 78,454 | - | - | 100% |
| 1 | 41,150 | 104,392 | - | 104,392 | - | 100% |
| 1 | 24,334 | 85,169 | - | 85,169 | - | 100% |
| 1 | 36,576 | 54,859 | - | 54,859 | - | 51% |
| 1 | 32,484 | 48,726 | - | 48,726 | - | 49% |
| - | 88,649 | 106,379 | - | - | 106,379 | 100% |
| 1-4 | 673,536 | 938,203 | 938,203 | - | - | 100% |
| - | 21,770 | 108,731 | 108,731 | - | - | 50% |
| 1 | 14,324 | 221,603 | - | 221,603 | - | 50% |
| 1-6 | 253,693 | 892,604 | 672,151 | 220,453 | - | 100% |
| 1-4 | 126,529 | 465,820 | - | - | 465,820 | 49% |
| 1-2 | 50,161 | 283,789 | - | 114,626 | 169,163 | 60% |
| 1 | 23,136 | 69,408 | - | 69,408 | - | 30% |
| 1 | 34,300 | 89,045 | - | - | 89,045 | 65% |
| 1-3 | 222,182 | 597,728 | 597,728 | - | - | 100% |
| 1 | 50,054 | 160,648 | - | 160,648 | - | 51% |
| 1-3 | 181,493 | 605,941 | 605,941 | - | - | 50% |
| - | 40,351 | 156,763 | 156,763 | - | - | 100% |
| 1 | 26,861 | 142,355 | 27,007 | 115,348 | - | 100% |
| 1-2 | 128,539 | 352,480 | - | 352,480 | - | 50% |

Project Portfolio (continued)

| No. | Projects | Address | Location | Type ⁽¹⁾ |
|--------------------------------|---|---|----------|---------------------|
| 149 | Wuhan Kaisa Bright Harbour | South of Shefa Shan Road, East of the 2nd Chuanjiangchi Road, Economic and Technology Development Area | Wuhan | Residential |
| 150 | Wuhan Kaisa Waterfront Jade Garden | East of Jintai Road, West of Fenghua Road and North of Guanhu Road, Xinzhou District | Wuhan | Residential |
| 151 | Ezhou Zhongliang Kaisa The One Mansion | West of Yingbin Avenue, Echeng District | Ezhou | Residential |
| 152 | Xiaogan Kaisa Airport Science and Technology City | Airport Economic Development Zone | Xiaogan | Industrial |
| 153 | Xinzheng Kaisa Yuefeng | South of Zhongxing Road, West of Wenhua Road | Xinzheng | Residential |
| 154 | Xinxiang Kaisa Yuefeng | West of Hongyuan Street, North of Guihua Road, Hongqi District | Xinxiang | Residential |
| 155 | Luoyang HYC Kaisa Lake View Place | Junction of Simaguang Road and Liujingxiang, Luolong District | Luoyang | Residential |
| The Yangtze River Delta | | | | |
| 156 | Jiangyin Lake View Place | South of Xinhua Road, West of Dongwaihuan Road, and North of Renmin East Road | Jiangyin | Residential |
| 157 | Jiangyin Gushan Mocha Town | South of Golden Gushan Garden and West of Xingfu Avenue, Gushan Town | Jiangyin | Residential |
| 158 | Jiangyin Kaisa Plaza | No.1091 Renmin East Road | Jiangyin | Residential |
| 159 | Jiangyin Zhouzhuang Golden World | East of Zhouxi Dong Road, Zhouzhuang Town | Jiangyin | Residential |
| 160 | Jiangyin Changjing Lake View Waldorf | East of Xinglong Road and South of Dongshun Road, Changjing Town | Jiangyin | Residential |
| 161 | Jiangyin Tonghui Garden | North of Tonghui Road, West of Tongjiang Road, and South of Tongfu Road | Jiangyin | Residential |
| 162 | Jiangyin Fugiao Homeland | North of Chengxi Road, West of Tongdu Road, and South of Binjiang Road | Jiangyin | Residential |
| 163 | Taizhou Kaisa Mansion No. 1 | North of Chenzhuang Road and West of No.11 Road, Taizhou Economic Development Area | Taizhou | Residential |
| 164 | Shanghai Shanhuwan Garden | No.4333 Alley, Haima Road, Haiwan Town, Fengxian District | Shanghai | Residential |
| 165 | Shanghai Shangpin Garden | Kangfeng North Road and Kangnian Road, Malu Town, Jiading District | Shanghai | Residential |
| 166 | Shanghai Kaisa Mansion No. 8 | No.99 Alley, Juting Road, Zhuanghang Town, Fengxian District | Shanghai | Residential |
| 167 | Shanghai Kaisa City Plaza | Junction of Shengzhu East Road and Chengliu Road, Xuhang Town, Jiading District | Shanghai | Residential |
| 168 | Shanghai Kaisa Mansion | Junction of Minsheng Road and Middle Yanggao Road, Pudong District | Shanghai | Commercial |
| 169 | Shanghai Kaisa Monarch Residence | Junction of Songjian Road and Fumao Road, Chonggu Town, Qingpu District | Shanghai | Residential |
| 170 | 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 |
| 171 | Shanghai Shangpin Jiayuan | East of Xiaoxin River, West of Base Boundary, South of Gengpu River and North of Xinjian No.1 Road, Xuhang Town, Jiading District | Shanghai | Residential |
| 172 | Shanghai Kaisa City Plaza (Phase 4-7) | Xuhang Town, Jiading District | Shanghai | Residential |
| 173 | Hangzhou Jade Dragon Court | North of Zhennan Road, Zhijiang National Holiday Resort, West Lake District | Hangzhou | Residential |
| 174 | Hangzhou Kaisa Monarch Residence | North of Shitang Road and West of Donghu Road, Qiaosi Street, Yuhang District | Hangzhou | Residential |

Project Portfolio (continued)

| 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.] | |
| 1 | 56,901 | 142,252 | – | 142,252 | – | 50% |
| 1-2 | 129,191 | 258,382 | – | 258,382 | – | 30% |
| 1 | 103,176 | 281,669 | – | 281,669 | – | 35% |
| 1-3 | 218,814 | 264,026 | 31,722 | 120,328 | 111,977 | 70% |
| 1-2 | 69,499 | 156,620 | – | 156,620 | – | 100% |
| 1 | 23,165 | 85,686 | – | 85,686 | – | 51% |
| 1-5 | 210,884 | 587,534 | – | 304,601 | 282,933 | 16% |
| 1-3 | 225,533 | 272,274 | 272,274 | – | – | 49% |
| 1-4 | 76,465 | 132,849 | 132,849 | – | – | 100% |
| 1-3 | 158,240 | 553,177 | 553,177 | – | – | 100% |
| 1-2 | 103,589 | 182,656 | 112,889 | 69,767 | – | 100% |
| 1-2 | 93,275 | 149,763 | 149,763 | – | – | 100% |
| – | 41,440 | 73,615 | 73,615 | – | – | 100% |
| – | 35,801 | 134,535 | 134,535 | – | – | 100% |
| 1-7 | 192,505 | 322,836 | 75,193 | 247,643 | – | 51% |
| 1-4 | 104,796 | 140,151 | 140,151 | – | – | 100% |
| – | 23,307 | 84,448 | 84,448 | – | – | 50% |
| 1-2 | 143,053 | 240,499 | 116,474 | 124,025 | – | 100% |
| 1-3 | 117,256 | 331,724 | 331,724 | – | – | 100% |
| 1 | 11,088 | 77,811 | 77,811 | – | – | 100% |
| 1-2 | 90,642 | 212,240 | 212,240 | – | – | 100% |
| 1 | 23,638 | 55,429 | – | 55,429 | – | 41% |
| 1 | 44,590 | 80,262 | – | 80,262 | – | 41% |
| 1-4 | 126,923 | 213,515 | – | 213,515 | – | 90% |
| – | 39,376 | 98,041 | 98,041 | – | – | 100% |
| – | 36,595 | 100,849 | 100,849 | – | – | 100% |

Project Portfolio (continued)

| No. | Projects | Address | Location | Type ⁽¹⁾ |
|---------------|---|---|--------------|----------------------|
| 175 | Hangzhou Puyu Court | Jingfeng Community, Wuchang Street, Yuhang District | Hangzhou | Residential |
| 176 | Hangzhou Fuyang Yinhu Project | Dashanjiao Village, Yinhu Street, Fuyang District | Hangzhou | Residential |
| 177 | Hangzhou Kaisa Yunfeng | Xianlin Street, Yuhang District | Hangzhou | Residential |
| 178 | Hangzhou Kaisa Dexin Cloud Height Jade Garden | Northeast of Dongqiao Road and No.7 Road, Fuyang District | Hangzhou | Residential |
| 179 | Shaoxing Kaisa Guoyue Mansion | Lanting Street, Keqiao District | Shaoxing | Residential |
| 180 | Shaoxing Kaisa Monarch Residence | Fuquan Street, Keqiao District | Shaoxing | Residential |
| 181 | Suzhou Kaisa Plaza | West of Tayuan Road and South of Zhuyuan Road, Shishan Street, High-tech District | Suzhou | Residential |
| 182 | Suzhou Kaisa Monarch Residence | South of Xingye Road and East of Sudai Road, Huangqiao Street, Xiangcheng District | Suzhou | Residential |
| 183 | Suzhou Kaisa Guoyue Mansion | West of Xinhua Road, South of Xiangyanghe Road, Mushu Town, Wuzhong District | Suzhou | Residential |
| 184 | Suzhou Kaisa Yufeng | Southwest side of the junction of Pangshan Road and Huxin West Road, Wujiang District | Suzhou | Residential |
| 185 | Zhangjiagang Kaisa Fengming Riverside | Southwest Corner of the Junction of Yingshan Road and Jingu Road, Phoenix Town | Zhangjiagang | Residential |
| 186 | Ningbo Kaisa Dongchenyipin | Junction of Century Avenue and Min'an Road, Yinzhou District | Ningbo | Commercial |
| 187 | Nanjing Kaisa City Plaza | Junction of Nanjing Foreign Language School and Taiqing Road, South of Hexi Area, Jianye District | Nanjing | Residential |
| 188 | Nanjing Kaisa Eminent Residence | No.560 Heyan Road, Qixia District | Nanjing | Residential |
| 189 | Nanjing Kaisa Yuefeng | East of Vanke City, Lishui District | Nanjing | Residential |
| 190 | Nanjing Kaisa Redsun Lakeside Mansion | 18 Huqin Road, Lukou Avenue, Jiangning District | Nanjing | Residential |
| 191 | Jiaxing Xitang Project | East of Hongfu Road and South of Nanyuan Road, Xitang Town | Jiaxing | Residential |
| 192 | Xuzhou Thriving Spring Villa | West of Guangshan Park, East of Sanhuan East Road, Yunlong District | Xuzhou | Residential |
| 193 | Hefei HC Kasia Future City | Southwest of junction of Jianghuai Avenue and Zhenzhu Road, Shangpai Town, Feixi | Hefei | Residential |
| Hainan | | | | |
| 194 | Sanya Kaisa Begonia Seasons | Nantian Hot Spring Resort Area, North of Haitang District | Sanya | Commercial & Service |
| 195 | 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) Dongguan Shilong project;
 - (ii) Dongguan Riverside Woods Palace;
 - (iii) Dongguan Riverside Hillview Palace;
 - (iv) Huizhou Yuanzhou Project;

| 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.] | |
| 1 | 74,779 | 207,476 | 207,476 | – | – | 100% |
| 1 | 26,000 | 23,326 | – | – | 23,326 | 100% |
| 1 | 19,175 | 38,350 | – | 38,350 | – | 50% |
| 1 | 49,166 | 108,165 | – | 108,165 | – | 51% |
| 1 | 61,233 | 46,660 | – | 46,660 | – | 36% |
| 1 | 19,852 | 72,448 | 72,448 | – | – | 70% |
| 1-2 | 33,234 | 123,216 | 123,216 | – | – | 100% |
| 1-2 | 59,629 | 197,069 | 197,069 | – | – | 100% |
| 1 | 32,006 | 48,008 | – | 48,008 | – | 100% |
| 1 | 29,911 | 81,945 | – | 81,945 | – | 100% |
| 1 | 31,666 | 37,999 | – | 37,999 | – | 100% |
| 1 | 15,086 | 56,285 | – | 56,285 | – | 30% |
| 1-3 | 109,832 | 411,636 | 274,203 | 137,433 | – | 100% |
| 1 | 27,376 | 89,476 | – | 89,476 | – | 50% |
| 1 | 65,698 | 144,535 | – | 144,535 | – | 51% |
| 1 | 73,686 | 103,160 | – | 103,160 | – | 51% |
| 1 | 38,881 | 64,857 | 64,857 | – | – | 51% |
| 1 | 132,397 | 172,115 | – | 172,115 | – | 50% |
| 1-2 | 111,503 | 200,705 | – | 200,705 | – | 49% |
| 1 | 42,585 | 42,585 | – | 42,585 | – | 60% |
| 1 | 36,943 | 44,332 | – | 44,332 | – | 44% |
| | 20,036,422 | 54,219,420 | 29,531,019 | 14,821,336 | 9,867,064 | |

(v) A portion of land for Zhuhai Lake View Waldorf Garden;

(vi) A portion of land for Huludao Suizhong Kaisa Dongdaihe

for which as at 30 June 2020, 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.

- The projects are based on our internal plans, but subject to the governmental approval.
- As at 30 June 2020, the GFA of total completed properties for sale reached 2,110,916 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 2020. 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 or Estimated Total GFA | Saleable GFA or Estimated Total Saleable GFA |
|--|-----------|---------------|----------------------------------|--|
| | | | (sq. m.) | (sq. m.) |
| Shenzhen Kaisa Financial Technology Center | Shenzhen | 1 | 142,000 | 129,640 |
| Shenzhen Kaisa City Plaza | Shenzhen | 3(5), 3(6) | 259,583 | 154,573 |
| Shenzhen Yantian Kaisa City Plaza | Shenzhen | 2 | 394,836 | 217,541 |
| Shenzhen Kaisa Golden Bay International Park | Shenzhen | 1-2 | 333,910 | 146,160 |
| Shenzhen Pinghu Kaisa Plaza | Shenzhen | 1-2 | 92,078 | 92,078 |
| Shenzhen Kaisa Future City | Shenzhen | 1 | 117,474 | 101,221 |
| Shenzhen Nan'ao Project | Shenzhen | 1 | 51,930 | 51,810 |
| Shenzhen Kaisa E Cube | Shenzhen | 1 | 158,664 | 151,098 |
| Shenzhen Nam Tai Inno Park | Shenzhen | 1 | 331,701 | 265,000 |
| Shenzhen Nam Tai Technology Center | Shenzhen | 1 | 194,595 | 125,572 |
| Shenzhen Kaisa Marine Mangrove Bay | Shenzhen | 1 | 42,600 | 36,233 |
| Shenzhen Tongda Huixuan | Shenzhen | 1 | 46,176 | 32,775 |
| Shenzhen Futian Dongshan Project (P1) | Shenzhen | 1 | 48,875 | 22,998 |
| Shenzhen Kaisa Metropolis Plaza | Shenzhen | 1 | 66,600 | 63,905 |
| Guangzhou Kaisa Mansion No.1 | Guangzhou | 1 | 86,138 | 71,183 |
| Guangzhou Sky Villa | Guangzhou | 1-2 | 230,577 | 68,948 |
| Guangzhou Jiaze Garden | Guangzhou | - | 44,364 | 43,064 |
| Qingyuan Kaisa City Plaza | Qingyuan | 1 | 308,365 | 308,365 |
| Foshan Kaisa Metro City | Foshan | - | 101,398 | 72,031 |
| Foshan Kaisa E Cube | Foshan | - | 61,082 | 60,593 |
| Foshan Kaisa Yuefeng | Foshan | - | 94,960 | 94,960 |
| Dongguan Le Grand Bleu | Dongguan | 3-4 | 356,803 | 274,447 |
| Dongguan Kaisa Glamorous Riverscape Garden | Dongguan | 1 | 95,239 | 94,977 |
| Dongguan Kaisa Glossy Garden | Dongguan | 1 | 67,352 | 67,291 |
| Huizhou Kaisa Riverbank New Town | Huizhou | 1,11,12 | 467,744 | 440,356 |
| Huizhou Kaisa Mountain Bay | Huizhou | 1-3 | 361,653 | 277,746 |
| Huizhou Kaisa Times Mocha Town | Huizhou | 2-4 | 433,900 | 427,555 |
| 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 |

| Project | Commencement Time | Status of Pre-sale Permit | Estimated Completion Time | Interest Attributable to us |
|--|-------------------|---------------------------|---------------------------|-----------------------------|
| Shenzhen Kaisa Financial Technology Center | Apr-2018 | Not yet obtained | 2021 Q3 | 100% |
| Shenzhen Kaisa City Plaza | Dec-2017 | Yes | 2020 Q4 | 100% |
| Shenzhen Yantian Kaisa City Plaza | Aug-2018 | Yes | 2020 Q3 | 100% |
| Shenzhen Kaisa Golden Bay International Park | Oct-2018 | Not yet obtained | 2020 Q3 | 51% |
| Shenzhen Pinghu Kaisa Plaza | Jul-2019 | Yes | 2021 Q1 | 100% |
| Shenzhen Kaisa Future City | Mar-2019 | Yes | 2020 Q3 | 80% |
| Shenzhen Nan'ao Project | Jun-2020 | Not yet obtained | 2023 Q4 | 50% |
| Shenzhen Kaisa E Cube | Dec-2018 | Yes | 2020 Q3 | 51% |
| Shenzhen Nam Tai Inno Park | May-2017 | Not yet obtained | 2020 Q4 | 24% |
| Shenzhen Nam Tai Technology Center | Jul-2019 | Not yet obtained | 2022 Q1 | 24% |
| Shenzhen Kaisa Marine Mangrove Bay | Apr-2020 | Not yet obtained | 2021 Q4 | 70% |
| Shenzhen Tongda Huixuan | Oct-2019 | Not yet obtained | 2022 Q2 | 18% |
| Shenzhen Futian Dongshan Project (P1) | Mar-2020 | Not yet obtained | 2023 Q2 | 70% |
| Shenzhen Kaisa Metropolis Plaza | May-2020 | Not yet obtained | 2021 Q4 | 100% |
| Guangzhou Kaisa Mansion No.1 | Apr-2016 | Yes | 2021 Q2 | 59% |
| Guangzhou Sky Villa | Apr-2017 | Yes | 2020 Q3 | 49% |
| Guangzhou Jiaze Garden | May-2020 | Not yet obtained | 2022 Q3 | 100% |
| Qingyuan Kaisa City Plaza | Jun-2019 | Yes | 2022 Q3 | 100% |
| Foshan Kaisa Metro City | Oct-2019 | Not yet obtained | 2021 Q3 | 49% |
| Foshan Kaisa E Cube | May-2019 | Not yet obtained | 2020 Q4 | 30% |
| Foshan Kaisa Yuefeng | Dec-2019 | Not yet obtained | 2022 Q1 | 100% |
| Dongguan Le Grand Bleu | Jul-2018 | Not yet obtained | 2021 Q2 | 100% |
| Dongguan Kaisa Glamourous Riverscape Garden | Sep-2019 | Yes | 2022 Q4 | 51% |
| Dongguan Kaisa Glossy Garden | Sep-2019 | Yes | 2022 Q4 | 49% |
| Huizhou Kaisa Riverbank New Town | Jan-2019 | Yes | 2020 Q4 | 55% |
| Huizhou Kaisa Mountain Bay | Jan-2019 | Yes | 2020 Q4 | 55% |
| Huizhou Kaisa Times Mocha Town | Mar-2019 | Yes | 2020 Q4 | 51% |
| Huizhou Kaisa Dong River Garden | Mar-2019 | Yes | 2021 Q4 | 55% |
| Huizhou Longmen Longquan Dajing | Jun-2019 | Yes | 2022 Q4 | 70% |
| Huizhou Kaisa Monarch Residence | May-2019 | Yes | 2020 Q4 | 55% |

Project Portfolio (continued)

| Project | City | Project Phase | Total GFA | Saleable GFA or |
|--|-----------|---------------|------------------------------------|--|
| | | | or Estimated Total GFA (sq. m.) | Estimated Total Saleable GFA (sq. m.) |
| Huizhou Kaisa Jade Garden | Huizhou | 1 | 78,264 | 77,164 |
| Huizhou Kaisa Yunzhu | Huizhou | 1 | 168,627 | 166,804 |
| Huizhou Kaisa Yunfeng | Huizhou | 1 | 130,918 | 66,768 |
| Zhuhai Lake View Waldorf Garden | Zhuhai | 2 | 96,312 | 35,563 |
| Zhuhai Kaisa Yuefeng Garden | Zhuhai | 1 | 73,816 | 73,079 |
| Zhuhai Kaisa Golden Metro Garden | Zhuhai | 1 | 129,260 | 114,729 |
| Zhongshan Kaisa Fortune Garden | Zhongshan | 1 | 64,619 | 59,682 |
| Yangjiang Kaisa Riverside No. 1 | Yangjiang | 1 | 159,025 | 97,117 |
| Chengdu Kaisa Mansion No.8 | Chengdu | 5 | 132,119 | 93,314 |
| Chengdu Kaisa Yuefu | Chengdu | 1-2 | 447,537 | 339,688 |
| Chengdu Kaisa Imperial Jade | Chengdu | 1 | 68,175 | 66,831 |
| Chengdu Kaisa Tianyue Mansion | Chengdu | 1 | 26,290 | 19,711 |
| Chengdu Kaisa Lushan No.1 | Chengdu | 1 | 91,200 | 69,868 |
| Chengdu Longquanyi Project | Chengdu | 1 | 59,382 | 59,382 |
| Pengzhou Kaisa Golden Metro | Pengzhou | 1-4 | 211,244 | 209,133 |
| Chongqing Kaisa Plaza | Chongqing | 3 | 112,327 | 112,327 |
| Chongqing Kaisa Bright Harbour | Chongqing | 7, 10 | 293,633 | 105,288 |
| Chongqing Kaisa Fengming Riverside | Chongqing | 1 | 141,945 | 140,736 |
| Chongqing Kaisa Zhuanshan Fortune Garden | Chongqing | 1 | 87,541 | 87,541 |
| Chongqing Riverside Seasons | Chongqing | 1 | 104,311 | 102,809 |
| Chongqing Kaisa Yuebanshan | Chongqing | 1 | 105,231 | 105,231 |
| Anshan Kaisa Monarch Residence | Anshan | 2, 3 | 86,716 | 83,706 |
| Huludao Suizhong Kaisa Dongdaihe | Huludao | 1-4 | 1,214,315 | 849,270 |
| Dandong Kaisa Mansion No.1 | Dandong | 4 | 117,281 | 56,132 |
| Dalian Kaisa Center | Dalian | 2 | 37,650 | 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 | 52,261 |
| Gu'an Kaisa Fengyuan Tianci Project | Gu'an | 1 | 48,726 | 46,826 |
| Changsha Kaisa Plaza | Changsha | 1 | 221,603 | 169,780 |
| Changsha Kaisa Meixi Lake Project | Changsha | 6 | 220,453 | 178,032 |
| Changsha Kaisa Metropolis | Changsha | 1 | 114,626 | 113,721 |
| Changsha Kaisa Sunshine Residence | Changsha | 1 | 69,408 | 68,113 |
| Hengyang Kaisa Yuefeng | Hengyang | 1 | 160,648 | 159,679 |
| Wuhan Kaisa Plaza | Wuhan | 1 | 115,348 | 104,922 |

| Project | Commencement Time | Status of Pre-sale Permit | Estimated Completion Time | Interest Attributable to us |
|--|-------------------|---------------------------|---------------------------|-----------------------------|
| Huizhou Kaisa Jade Garden | Dec-2019 | Not yet obtained | 2021 Q2 | 55% |
| Huizhou Kaisa Yunzhu | Apr-2020 | Not yet obtained | 2022 Q2 | 18% |
| Huizhou Kaisa Yunfeng | Feb-2020 | Not yet obtained | 2021 Q2 | 28% |
| Zhuhai Lake View Waldorf Garden | Feb-2018 | Yes | 2020 Q3 | 100% |
| Zhuhai Kaisa Yuefeng Garden | Dec-2019 | Yes | 2021 Q2 | 100% |
| Zhuhai Kaisa Golden Metro Garden | Dec-2019 | Yes | 2022 Q3 | 100% |
| Zhongshan Kaisa Fortune Garden | Mar-2020 | Not yet obtained | 2022 Q1 | 51% |
| Yangjiang Kaisa Riverside No. 1 | Jan-2019 | Yes | 2020 Q3 | 49% |
| Chengdu Kaisa Mansion No.8 | Jan-2018 | Yes | 2020 Q3 | 100% |
| Chengdu Kaisa Yuefu | Feb-2018 | Yes | 2020 Q3 | 100% |
| Chengdu Kaisa Imperial Jade | Feb-2019 | Yes | 2021 Q2 | 51% |
| Chengdu Kaisa Tianyue Mansion | Feb-2018 | Yes | 2021 Q3 | 100% |
| Chengdu Kaisa Lushan No.1 | Sep-2020 | Not yet obtained | 2023 Q2 | 55% |
| Chengdu Longquanyi Project | Nov-2020 | Not yet obtained | 2022 Q3 | 100% |
| Pengzhou Kaisa Golden Metro | Dec-2018 | Yes | 2021 Q2 | 100% |
| Chongqing Kaisa Plaza | Oct-2017 | Yes | 2020 Q3 | 100% |
| Chongqing Kaisa Bright Harbour | Jan-2019 | Yes | 2020 Q3 | 100% |
| Chongqing Kaisa Fengming Riverside | Jun-2020 | Not yet obtained | 2023 Q4 | 50% |
| Chongqing Kaisa Zhuanshan Fortune Garden | Apr-2019 | Yes | 2021 Q3 | 50% |
| Chongqing Riverside Seasons | Jan-2020 | Not yet obtained | 2023 Q1 | 50% |
| Chongqing Kaisa Yuebanshan | Aug-2019 | Yes | 2022 Q2 | 100% |
| Anshan Kaisa Monarch Residence | Dec-2017 | Yes | 2021 Q2 | 100% |
| Huludao Suizhong Kaisa Dongdaihe | Nov-2017 | Yes | 2020 Q4 | 100% |
| Dandong Kaisa Mansion No.1 | Apr-2018 | Yes | 2020 Q4 | 100% |
| Dalian Kaisa Center | Oct-2018 | Not yet obtained | 2020 Q4 | 100% |
| Dalian Kaisa Mansion No. 1 | Sep-2019 | Yes | 2020 Q4 | 100% |
| Dalian Kaisa Yuejing | Jun-2019 | Yes | 2022 Q2 | 100% |
| Bazhou Kaisa Peacock City Yuefeng | Mar-2019 | Yes | 2021 Q4 | 51% |
| Gu'an Kaisa Fengyuan Tianci Project | Sep-2018 | Yes | 2020 Q4 | 49% |
| Changsha Kaisa Plaza | Jul-2017 | Yes | 2020 Q4 | 50% |
| Changsha Kaisa Meixi Lake Project | Nov-2017 | Yes | 2020 Q4 | 100% |
| Changsha Kaisa Metropolis | Sep-2019 | Yes | 2021 Q3 | 60% |
| Changsha Kaisa Sunshine Residence | Apr-2020 | Yes | 2022 Q3 | 30% |
| Hengyang Kaisa Yuefeng | Feb-2019 | Yes | 2020 Q4 | 51% |
| Wuhan Kaisa Plaza | Sep-2017 | Yes | 2020 Q3 | 100% |

Project Portfolio (continued)

| Project | City | Project Phase | Total GFA | Saleable GFA or |
|---|--------------|---------------|------------------------------------|--|
| | | | or Estimated Total GFA (sq. m.) | Estimated Total Saleable GFA (sq. m.) |
| Wuhan Kaisa Yuefu | Wuhan | 1-2 | 352,480 | 257,067 |
| Wuhan Kaisa Bright Harbour | Wuhan | 1 | 142,252 | 142,252 |
| Wuhan Kaisa Waterfront Jade Garden | Wuhan | 1-2 | 258,382 | 251,408 |
| Ezhou Zhongliang Kaisa The One Mansion | Ezhou | 1 | 281,669 | 281,669 |
| Xiaogan Kaisa Airport Science and Technology City | Xiaogan | 1-3 | 120,328 | - |
| Xinzheng Kaisa Yuefeng | Xinzheng | 1-2 | 156,620 | 152,834 |
| Xinxiang Kaisa Yuefeng | Xinxiang | 1 | 85,686 | 80,002 |
| Luoyang HYC Kaisa Lake View Place | Luoyang | 1-3 | 304,601 | 302,672 |
| Jiangyin Zhouzhuang Golden World | Jiangyin | 2 | 69,767 | 43,745 |
| Taizhou Kaisa Mansion No.1 | Taizhou | 3-7 | 247,643 | 244,250 |
| Shanghai Kaisa Mansion No.8 | Shanghai | 2 | 124,025 | 75,231 |
| Shanghai Kaisa City Garden | Shanghai | 1 | 55,429 | 42,590 |
| Shanghai Shangpin Jiayuan | Shanghai | 1 | 80,262 | 77,768 |
| Shanghai Kaisa City Plaza (Phase 4-7) | Shanghai | - | 213,515 | 155,384 |
| Hangzhou Kaisa Yunfeng | Hangzhou | 1 | 38,350 | 32,623 |
| Hangzhou Kaisa Dexin Cloud Height Jade Garden | Hangzhou | 1 | 108,165 | 101,478 |
| Shaoxing Kaisa Guoyue Mansion | Shaoxing | 1 | 46,660 | 45,930 |
| Suzhou Kaisa Guoyue Mansion | Suzhou | 1 | 48,008 | 46,867 |
| Suzhou Kaisa Yufeng | Suzhou | 1 | 81,945 | 59,237 |
| Zhangjiagang Kaisa Fengming Riverside | Zhangjiagang | 1 | 37,999 | 37,036 |
| Ningbo Kaisa Dongchenyipin | Ningbo | 1 | 56,285 | 38,268 |
| Nanjing Kaisa City Plaza | Nanjing | 3 | 137,433 | 4,665 |
| Nanjing Kaisa Eminent Residence | Nanjing | 1 | 89,476 | 51,233 |
| Nanjing Kaisa Yuefeng | Nanjing | 1 | 144,535 | 114,959 |
| Nanjing Kaisa Redsun Lakeside Mansion | Nanjing | 1 | 103,160 | 92,655 |
| Xuzhou Thriving Spring Villa | Xuzhou | 1 | 172,115 | 164,926 |
| Hefei HC Kasia Future City | Hefei | 2 | 200,705 | 150,529 |
| Sanya Kaisa Begonia Seasons | Sanya | 1 | 42,585 | 33,207 |
| Sanya Kaisa Begonia Mountain | Sanya | 1 | 44,332 | 43,942 |
| | | | 14,821,336 | 11,810,927 |

| Project | Commencement Time | Status of Pre-sale Permit | Estimated Completion Time | Interest Attributable to us |
|---|-------------------|---------------------------|---------------------------|-----------------------------|
| Wuhan Kaisa Yuefu | Sep-2018 | Yes | 2020 Q3 | 50% |
| Wuhan Kaisa Bright Harbour | Dec-2019 | Not yet obtained | 2021 Q4 | 50% |
| Wuhan Kaisa Waterfront Jade Garden | Jun-2020 | Not yet obtained | 2022 Q1 | 30% |
| Ezhou Zhongliang Kaisa The One Mansion | Oct-2018 | Yes | 2020 Q3 | 35% |
| Xiaogan Kaisa Airport Science and Technology City | Jun-2020 | Not yet obtained | 2021 Q4 | 70% |
| Xinzheng Kaisa Yuefeng | May-2018 | Yes | 2020 Q3 | 100% |
| Xinxiang Kaisa Yuefeng | Apr-2019 | Yes | 2021 Q4 | 51% |
| Luoyang HYC Kaisa Lake View Place | Sep-2019 | Yes | 2021 Q4 | 16% |
| Jiangyin Zhouzhuang Golden World | Jul-2019 | Yes | 2021 Q3 | 100% |
| Taizhou Kaisa Mansion No.1 | Sep-2019 | Yes | 2022 Q1 | 51% |
| Shanghai Kaisa Mansion No.8 | Apr-2019 | Yes | 2020 Q3 | 100% |
| Shanghai Kaisa City Garden | Jun-2018 | Not yet obtained | 2020 Q4 | 41% |
| Shanghai Shangpin Jiayuan | Apr-2019 | Not yet obtained | 2021 Q4 | 41% |
| Shanghai Kaisa City Plaza (Phase 4-7) | Dec-2019 | Not yet obtained | 2022 Q1 | 90% |
| Hangzhou Kaisa Yunfeng | Aug-2019 | Not yet obtained | 2021 Q4 | 50% |
| Hangzhou Kaisa Dexin Cloud Height Jade Garden | Apr-2020 | Yes | 2022 Q3 | 51% |
| Shaoxing Kaisa Guoyue Mansion | Dec-2018 | Yes | 2020 Q3 | 36% |
| Suzhou Kaisa Guoyue Mansion | Sep-2019 | Yes | 2021 Q3 | 100% |
| Suzhou Kaisa Yufeng | Jan-2018 | Yes | 2020 Q4 | 100% |
| Zhangjiagang Kaisa Fengming Riverside | Nov-2018 | Yes | 2020 Q3 | 100% |
| Ningbo Kaisa Dongchenyipin | Oct-2018 | Yes | 2020 Q4 | 30% |
| Nanjing Kaisa City Plaza | Apr-2016 | Yes | 2020 Q4 | 100% |
| Nanjing Kaisa Eminent Residence | Feb-2018 | Not yet obtained | 2020 Q4 | 50% |
| Nanjing Kaisa Yuefeng | Sep-2019 | Yes | 2023 Q4 | 51% |
| Nanjing Kaisa Redsun Lakeside Mansion | Oct-2019 | Yes | 2023 Q4 | 51% |
| Xuzhou Thriving Spring Villa | Mar-2019 | Yes | 2020 Q4 | 50% |
| Hefei HC Kasia Future City | Jun-2020 | Not yet obtained | 2022 Q2 | 49% |
| Sanya Kaisa Begonia Seasons | May-2019 | Not yet obtained | 2021 Q3 | 60% |
| Sanya Kaisa Begonia Mountain | Jun-2020 | Not yet obtained | 2022 Q3 | 44% |

PROPERTIES HELD FOR FUTURE DEVELOPMENT

The table below sets forth certain information of our property projects held for future development as at 30 June 2020.

| Project | Location | Project Phase | Estimated Total GFA (sq. m.) | Estimated Completion Time ⁽¹⁾ |
|--|-----------|---------------|------------------------------|--|
| Shenzhen Kaisa Golden Bay International Park | Shenzhen | 3 | 182,490 | 2026 |
| Shenzhen Nam Tai Inno Valley | Shenzhen | 2-4 | 170,200 | 2025 |
| Shenzhen Kaisa Yuenbanshan | Shenzhen | 1 | 150,820 | 2022 |
| Shenzhen Kaisa Sky-high Summit | Shenzhen | 1 | 138,820 | 2022 |
| Shenzhen Luohu Sanshun Project | Shenzhen | 1 | 33,440 | 2022 |
| Shenzhen Nanshan Shahe Project | Shenzhen | 1 | 53,000 | 2022 |
| Guangzhou Kaisa Future City | Guangzhou | 3 | 177,637 | 2021 |
| Guangzhou Kaisa Center | Guangzhou | 1 | 315,343 | 2020 |
| Guangzhou Kaisa Baiyun City Plaza | Guangzhou | 1-4 | 507,650 | 2022 |
| Guangzhou Kaisa Yuejiang Mansion | Guangzhou | 1-2 | 94,960 | 2021 |
| Guangzhou Kaisa Yuefeng | Guangzhou | 1-3 | 340,204 | 2022 |
| Guangzhou Fengming Mountain | Guangzhou | 1-2 | 327,654 | 2022 |
| Guangzhou Xiajing Village Project | Guangzhou | 1-3 | 393,700 | 2022 |
| Qingyuan Kaisa City Plaza | Qingyuan | 2-5 | 874,962 | 2023 |
| Foshan Guicheng Project | Foshan | 1-2 | 178,411 | 2023 |
| Dongguan Shilong Project | Dongguan | - | 10,131 | 2022 |
| Dongguan Riverside Woods Palace | Dongguan | - | 155,693 | 2022 |
| Dongguan Riverside Hillview Palace | Dongguan | - | 202,294 | 2024 |
| Dongguan Kaisa Yango Times Horizon | Dongguan | 1-5 | 208,571 | 2023 |
| Dongguan Namtai Longxi | Dongguan | - | 110,271 | 2022 |
| Dongguan Kaisa Glossy Riverscape Garden | Dongguan | - | 82,700 | 2023 |
| Dongguan Kaisa Shimao Cloud Value Garden | Dongguan | 1 | 151,280 | 2023 |
| Huizhou Yuanzhou Project | Huizhou | - | 61,200 | 2022 |
| Huizhou Kaisa Riverbank New Town | Huizhou | 8 | 30,625 | 2021 |
| Huizhou Kaisa Times Mocha Town | Huizhou | 3 | 12,568 | 2022 |
| Huizhou Kaisa Dong River Garden | Huizhou | 3-4 | 245,478 | 2022 |
| Huizhou Longmen Longquan Dajing | Huizhou | 3-4 | 344,018 | 2021 |
| Huizhou Huicheng Project | Huizhou | 1-4 | 343,700 | 2023 |
| Zhuhai Lake View Waldorf Garden | Zhuhai | 2-3 | 306,305 | 2022 |
| Zhongshan Kaisa Fortune Garden | Zhongshan | 2 | 63,728 | 2022 |

| Project | Location | Project Phase | Estimated Total GFA (sq. m.) | Estimated Completion Time ⁽¹⁾ |
|---|--------------|---------------|---------------------------------|--|
| Zhongshan Kaisa Yuebanshan | Zhongshan | 1 | 83,333 | 2022 |
| Jieyang Project | Jieyang | 1-2 | 461,727 | 2022 |
| Hong Kong Sai Wan Project | Hong Kong | - | 3,258 | 2024 |
| Hong Kong Tuen Mun Project | Hong Kong | - | 54,152 | 2026 |
| Chongqing Kaisa Zhuanshan Fortune Garden | Chongqing | 2-3 | 137,556 | 2021 |
| Chongqing Kaisa Yuebanshan | Chongqing | 2 | 147,656 | 2022 |
| Chongqing Kaisa Skyline Residence | Chongqing | 1 | 175,160 | 2022 |
| Shenyang Kaisa Xuefu Mansion No. 1 | Shenyang | 1 | 102,989 | 2023 |
| Anshan Kaisa Monarch Residence | Anshan | 3-4 | 91,978 | 2021 |
| Huludao Suizhong Kaisa Dongdaihe | Huludao | 4 | 1,092,761 | 2021 |
| Shijiazhuang Kaisa Exquisite Coastal Mansion | Shijiazhuang | - | 106,379 | 2022 |
| Changsha Kaisa City Plaza | Changsha | 1-4 | 465,820 | 2022 |
| Changsha Kaisa Metropolis | Changsha | 1-2 | 169,163 | 2021 |
| Changsha Kaisa Bright Harbour | Changsha | 1 | 89,045 | 2021 |
| Xiaogan Kaisa Airport Science and Technology City | Xiaogan | 2-3 | 111,977 | 2022 |
| Luoyang HYC Kaisa Lake View Place | Luoyang | 4-5 | 282,933 | 2022 |
| Hangzhou Fuyang Yinhu Project | Hangzhou | 1 | 23,326 | 2021 |
| Total | | | 9,867,064 | |

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 a share option scheme on 22 November 2009 (the “**Existing Share Option Scheme**”). 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 Existing 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 2020, 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 318,812,000 Shares, representing approximately 5.22% of the issued share capital of the Company as at the date of the report.

During the six months ended 30 June 2020, a total of 21,441,000 options were exercised, a total of 61,600,000 options were cancelled, and a total of 33,200,000 options were forfeited/lapsed. The weighted average closing prices of the Shares immediately before the dates on which the relevant share options were exercised was HK\$3.57.

(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 2020 pursuant to the Existing Share Option Scheme:

| Grantee | Date of grant | Closing price of the securities immediately before the date on which the options were granted (HKD per share) | Exercise Period | Exercise Price (HKD) | Balance as at 1 January 2020 (Note 1) | Grant | Exercised | Cancelled/ forfeited/ lapsed | Balance as at 30 June 2020 |
|-------------------|---------------|--|------------------------------|-------------------------|--|--|--|--|----------------------------|
| | | | | | | during the six months ended 30 June 2020 | during the six months ended 30 June 2020 | during the six months ended 30 June 2020 | |
| Directors | | | | | | | | | |
| SUN Yuenan | 23 July 2010 | 1.60 | 23 July 2011 to 22 July 2020 | 2.00 | 2,000,000 | - | 2,000,000 | - | - |
| | | 1.60 | 23 July 2012 to 22 July 2020 | 2.00 | 2,000,000 | - | 2,000,000 | - | - |
| | | 1.60 | 23 July 2013 to 22 July 2020 | 2.00 | 2,000,000 | - | 2,000,000 | - | - |
| | | 1.60 | 23 July 2014 to 22 July 2020 | 2.00 | 2,000,000 | - | - | - | 2,000,000 |
| | | 1.60 | 23 July 2015 to 22 July 2020 | 2.00 | 2,000,000 | - | - | - | 2,000,000 |
| | 6 June 2012 | 1.36 | 6 June 2013 to 5 June 2022 | 1.50 | 2,004,000 | - | - | - | 2,004,000 |
| | | 1.36 | 6 June 2014 to 5 June 2022 | 1.50 | 2,004,000 | - | - | - | 2,004,000 |
| | | 1.36 | 6 June 2015 to 5 June 2022 | 1.50 | 2,004,000 | - | - | - | 2,004,000 |
| | | 1.36 | 6 June 2016 to 5 June 2022 | 1.50 | 2,004,000 | - | - | - | 2,004,000 |
| | | 1.36 | 6 June 2017 to 5 June 2022 | 1.50 | 2,004,000 | - | - | - | 2,004,000 |

Disclosure of Interests (continued)

| Grantee | Date of grant | Closing price of the securities immediately before the date on which the options were granted (HKD per share) | Exercise Period | Exercise Price (HKD) | Balance as at 1 January 2020 (Note 1) | Grant during the six months ended 30 June 2020 | Exercised during the six months ended 30 June 2020 | Cancelled/ forfeited/ lapsed during the six months ended 30 June 2020 | Balance as at |
|-------------------|---------------|--|------------------------------|-------------------------|--|--|--|---|---------------|
| | | | | | | | | | 30 June 2020 |
| | 19 July 2017 | 3.27 | 19 July 2018 to 18 July 2027 | 3.55 | 6,000,000 | - | - | - | 6,000,000 |
| | | 3.27 | 19 July 2019 to 18 July 2027 | 3.55 | 6,000,000 | - | - | - | 6,000,000 |
| | | 3.27 | 19 July 2020 to 18 July 2027 | 3.55 | 6,000,000 | - | - | - | 6,000,000 |
| | | 3.27 | 19 July 2021 to 18 July 2027 | 3.55 | 12,000,000 | - | - | - | 12,000,000 |
| MAI Fan | 19 July 2017 | 3.27 | 19 July 2018 to 18 July 2027 | 3.55 | 2,000,000 | - | - | - | 2,000,000 |
| | | 3.27 | 19 July 2019 to 18 July 2027 | 3.55 | 2,000,000 | - | - | - | 2,000,000 |
| | | 3.27 | 19 July 2020 to 18 July 2027 | 3.55 | 2,000,000 | - | - | - | 2,000,000 |
| | | 3.27 | 19 July 2021 to 18 July 2027 | 3.55 | 4,000,000 | - | - | - | 4,000,000 |
| LI Haiming | 23 July 2010 | 1.60 | 23 July 2015 to 22 July 2020 | 2.00 | 600,000 | - | - | - | 600,000 |
| | 6 June 2012 | 1.36 | 6 June 2015 to 5 June 2022 | 1.50 | 590,000 | - | - | - | 590,000 |
| | | 1.36 | 6 June 2016 to 5 June 2022 | 1.50 | 590,000 | - | - | - | 590,000 |
| | | 1.36 | 6 June 2017 to 5 June 2022 | 1.50 | 590,000 | - | - | - | 590,000 |
| | 19 July 2017 | 3.27 | 19 July 2018 to 18 July 2027 | 3.55 | 1,400,000 | - | - | - | 1,400,000 |
| | | 3.27 | 19 July 2019 to 18 July 2027 | 3.55 | 1,400,000 | - | - | - | 1,400,000 |
| | | 3.27 | 19 July 2020 to 18 July 2027 | 3.55 | 1,400,000 | - | - | - | 1,400,000 |
| | | 3.27 | 19 July 2021 to 18 July 2027 | 3.55 | 2,800,000 | - | - | - | 2,800,000 |

| Grantee | Date of grant | Closing price of the securities immediately before the date on which the options were granted (HKD per share) | Exercise Period | Exercise Price (HKD) | Balance as at 1 January 2020 (Note 1) | Grant during the six months ended 30 June 2020 | Exercised during the six months ended 30 June 2020 | Cancelled/ forfeited/ lapsed during the six months ended 30 June 2020 | Balance as at 30 June 2020 |
|--------------|---------------|--|------------------------------|-------------------------|--|--|--|---|----------------------------|
| | | | | | | | | | |
| RAO Yong | 23 July 2010 | 1.60 | 23 July 2011 to 22 July 2020 | 2.00 | 100,000 | - | 100,000 | - | - |
| | | 1.60 | 23 July 2012 to 22 July 2020 | 2.00 | 100,000 | - | 100,000 | - | - |
| | | 1.60 | 23 July 2013 to 22 July 2020 | 2.00 | 100,000 | - | 100,000 | - | - |
| | | 1.60 | 23 July 2014 to 22 July 2020 | 2.00 | 100,000 | - | 100,000 | - | - |
| | | 1.60 | 23 July 2015 to 22 July 2020 | 2.00 | 100,000 | - | 100,000 | - | - |
| | 6 June 2012 | 1.36 | 6 June 2013 to 5 June 2022 | 1.50 | 100,000 | - | - | - | 100,000 |
| | | 1.36 | 6 June 2014 to 5 June 2022 | 1.50 | 100,000 | - | - | - | 100,000 |
| | | 1.36 | 6 June 2015 to 5 June 2022 | 1.50 | 100,000 | - | - | - | 100,000 |
| | | 1.36 | 6 June 2016 to 5 June 2022 | 1.50 | 100,000 | - | - | - | 100,000 |
| | | 1.36 | 6 June 2017 to 5 June 2022 | 1.50 | 100,000 | - | - | - | 100,000 |
| | 19 July 2017 | 3.27 | 19 July 2018 to 18 July 2027 | 3.55 | 280,000 | - | - | - | 280,000 |
| | | 3.27 | 19 July 2019 to 18 July 2027 | 3.55 | 280,000 | - | - | - | 280,000 |
| | | 3.27 | 19 July 2020 to 18 July 2027 | 3.55 | 280,000 | - | - | - | 280,000 |
| 3.27 | | 19 July 2021 to 18 July 2027 | 3.55 | 560,000 | - | - | - | 560,000 | |
| ZHANG Yizhao | 19 July 2017 | 3.27 | 19 July 2018 to 18 July 2027 | 3.55 | 280,000 | - | - | - | 280,000 |
| | | 3.27 | 19 July 2019 to 18 July 2027 | 3.55 | 280,000 | - | - | - | 280,000 |
| | | 3.27 | 19 July 2020 to 18 July 2027 | 3.55 | 280,000 | - | - | - | 280,000 |
| | | 3.27 | 19 July 2021 to 18 July 2027 | 3.55 | 560,000 | - | - | - | 560,000 |

Disclosure of Interests (continued)

| Grantee | Date of grant | Closing price of the securities immediately before the date on which the options were granted (HKD per share) | Exercise Period | Exercise Price (HKD) | Balance as at 1 January 2020 (Note 1) | Grant during the six months ended 30 June 2020 | Exercised during the six months ended 30 June 2020 | Cancelled/ forfeited/ lapsed during the six months ended 30 June 2020 | Balance as at 30 June 2020 |
|------------------------|---------------|--|------------------------------|-------------------------|--|--|--|---|----------------------------|
| | | | | | | | | | |
| LIU Xuesheng | 19 July 2017 | 3.27 | 19 July 2018 to 18 July 2027 | 3.55 | 240,000 | - | - | - | 240,000 |
| | | 3.27 | 19 July 2019 to 18 July 2027 | 3.55 | 240,000 | - | - | - | 240,000 |
| | | 3.27 | 19 July 2020 to 18 July 2027 | 3.55 | 240,000 | - | - | - | 240,000 |
| | | 3.27 | 19 July 2021 to 18 July 2027 | 3.55 | 480,000 | - | - | - | 480,000 |
| Other Employees | 23 March 2010 | 2.62 | 9 Jun 2010 to 24 Apr 2022 | 3.105 | 5,350,000 | - | 700,000 | - | 4,650,000 |
| | | 2.62 | 30 Mar 2011 to 24 Apr 2022 | 3.105 | 8,250,000 | - | - | - | 8,250,000 |
| | | 2.62 | 24 Apr 2012 to 24 Apr 2022 | 3.105 | 8,500,000 | - | - | - | 8,500,000 |
| | 23 July 2010 | 1.60 | 23 July 2011 to 22 July 2020 | 2.000 | - | - | - | - | - |
| | | 1.60 | 23 July 2012 to 22 July 2020 | 2.000 | 200,000 | - | 200,000 | - | - |
| | | 1.60 | 23 July 2013 to 22 July 2020 | 2.000 | 800,000 | - | 800,000 | - | - |
| | | 1.60 | 23 July 2014 to 22 July 2020 | 2.000 | 1,440,000 | - | 940,000 | - | 500,000 |
| | 6 June 2012 | 1.60 | 23 July 2015 to 22 July 2020 | 2.000 | 3,320,000 | - | 1,921,000 | - | 1,399,000 |
| | | 1.36 | 6 June 2013 to 5 June 2022 | 1.500 | 1,680,000 | - | 98,000 | - | 1,582,000 |
| | | 1.36 | 6 June 2014 to 5 June 2022 | 1.500 | 1,971,000 | - | 273,000 | - | 1,698,000 |
| | | 1.36 | 6 June 2015 to 5 June 2022 | 1.500 | 8,316,000 | - | 1,813,000 | - | 6,503,000 |
| | | 1.36 | 6 June 2016 to 5 June 2022 | 1.500 | 9,736,000 | - | 2,098,000 | - | 7,638,000 |
| | | 1.36 | 6 June 2017 to 5 June 2022 | 1.500 | 10,100,000 | - | 2,098,000 | - | 8,002,000 |

| Grantee | Date of grant | Closing price of the securities immediately before the date on which the options were granted (HKD per share) | Exercise Period | Exercise Price (HKD) | Balance as at 1 January 2020 (Note 1) | Grant during the six months ended 30 June 2020 | Exercised during the six months ended 30 June 2020 | Cancelled/ forfeited/ lapsed during the six months ended 30 June 2020 | Balance as at 30 June 2020 |
|---------|-------------------|--|------------------------------|-------------------------|--|--|--|---|----------------------------|
| | | | | | | | | | |
| | 19 July 2017 | 3.27 | 19 July 2018 to 18 July 2027 | 3.550 | 39,200,000 | - | 2,700,000 | 6,360,000 | 30,140,000 |
| | | 3.27 | 19 July 2019 to 18 July 2027 | 3.550 | 39,200,000 | - | 1,300,000 | 6,360,000 | 31,540,000 |
| | | 3.27 | 19 July 2020 to 18 July 2027 | 3.550 | 39,200,000 | - | - | 6,360,000 | 32,840,000 |
| | | 3.27 | 19 July 2021 to 18 July 2027 | 3.550 | 78,400,000 | - | - | 12,720,000 | 65,680,000 |
| | 22 September 2017 | 6.30 | 22 Sep 2018 to 21 Sep 2027 | 6.66 | 4,000,000 | - | - | 4,000,000 | - |
| | | 6.30 | 22 Sep 2019 to 21 Sep 2027 | 6.66 | 4,000,000 | - | - | 4,000,000 | - |
| | | 6.30 | 22 Sep 2020 to 21 Sep 2027 | 6.66 | 4,000,000 | - | - | 4,000,000 | - |
| | | 6.30 | 22 Sep 2021 to 21 Sep 2027 | 6.66 | 8,000,000 | - | - | 8,000,000 | - |
| | 29 November 2017 | 4.18 | 29 Nov 2018 to 28 Nov 2027 | 4.37 | 8,200,000 | - | - | 8,200,000 | - |
| | | 4.18 | 29 Nov 2019 to 28 Nov 2027 | 4.37 | 8,200,000 | - | - | 8,200,000 | - |
| | | 4.18 | 29 Nov 2020 to 28 Nov 2027 | 4.37 | 8,200,000 | - | - | 8,200,000 | - |
| | | 4.18 | 29 Nov 2021 to 28 Nov 2027 | 4.37 | 16,400,000 | - | - | 16,400,000 | - |
| | 24 January 2019 | 2.33 | 24 Apr 2020 to 23 Apr 2029 | 2.380 | 2,000,000 | - | - | - | 2,000,000 |
| | | 2.33 | 24 Apr 2021 to 23 Apr 2029 | 2.380 | 2,000,000 | - | - | - | 2,000,000 |
| | | 2.33 | 24 Apr 2022 to 23 Apr 2029 | 2.380 | 2,000,000 | - | - | - | 2,000,000 |
| | | 2.33 | 24 Apr 2023 to 23 Apr 2029 | 2.380 | 4,000,000 | - | - | - | 4,000,000 |

Disclosure of Interests (continued)

| Grantee | Date of grant | Closing price of the securities immediately before the date on which the options were granted (HKD per share) | Exercise Period | Exercise Price (HKD) | Balance as at 1 January 2020 (Note 1) | Grant | Exercised | Cancelled/ forfeited/ lapsed | Balance as at 30 June 2020 |
|--------------|---------------|--|----------------------------|-------------------------|--|--|--|--|----------------------------|
| | | | | | | during the six months ended 30 June 2020 | during the six months ended 30 June 2020 | during the six months ended 30 June 2020 | |
| | 12 April 2019 | 3.68 | 24 Apr 2020 to 23 Apr 2029 | 3.700 | 6,800,000 | - | - | 400,000 | 6,400,000 |
| | | 3.68 | 24 Apr 2021 to 23 Apr 2029 | 3.700 | 6,800,000 | - | - | 400,000 | 6,400,000 |
| | | 3.68 | 24 Apr 2022 to 23 Apr 2029 | 3.700 | 6,800,000 | - | - | 400,000 | 6,400,000 |
| | | 3.68 | 24 Apr 2023 to 23 Apr 2029 | 3.700 | 13,600,000 | - | - | 800,000 | 12,800,000 |
| Total | | | | | 435,053,000 | - | 21,441,000 | 94,800,000 | 318,812,000 |

As at 30 June 2020, a total of 37,290,000 options were exercisable.

THE NEW SHARE OPTION SCHEME

The Company adopted a new share option scheme on 14 June 2019 (the "New Share Option Scheme"). 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 2020, 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 2020, no New Share Options were outstanding or 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 (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 Subsidiary Shares available for issue under the Subsidiary Share Option Scheme

The total number of Shares of Kaisa Prosperity (the “**Subsidiary Share(s)**”) which may be issued upon exercise of all Subsidiary 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 2020, 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 2020, no Subsidiary Share Options were granted under the Subsidiary Share Option Scheme. The summary below sets out the details of options granted as at 30 June 2020 pursuant to the Subsidiary Share Option Scheme:

| Grantee | Date of grant | closing price of the securities immediately before the date on which the options were granted (HKD per share) | Exercise Period | Exercise Price (HKD) | Balance as at 1 January 2020 (Note 1) | Grant during the six months ended 30 June 2020 | Exercised during the six months ended 30 June 2020 | Cancelled/ forfeited/ lapsed during the six months ended 30 June 2020 | Balance as at 30 June 2020 |
|--------------------------------------|---------------|--|------------------------------|-------------------------|--|--|--|---|----------------------------|
| Directors of Kaisa Prosperity | | | | | | | | | |
| LIAO Chuanqiang | 19 July 2019 | 15.36 | 19 July 2020 to 18 July 2029 | 15.70 | 400,000 | - | - | - | 400,000 |
| | | 15.36 | 19 July 2021 to 18 July 2029 | 15.70 | 400,000 | - | - | - | 400,000 |
| | | 15.36 | 20 July 2022 to 18 July 2029 | 15.70 | 400,000 | - | - | - | 400,000 |
| | | 15.36 | 20 July 2023 to 18 July 2029 | 15.70 | 800,000 | - | - | - | 800,000 |
| GUO Li | 19 July 2019 | 15.36 | 19 July 2020 to 18 July 2029 | 15.70 | 120,000 | - | - | - | 120,000 |
| | | 15.36 | 19 July 2021 to 18 July 2029 | 15.70 | 120,000 | - | - | - | 120,000 |
| | | 15.36 | 20 July 2022 to 18 July 2029 | 15.70 | 120,000 | - | - | - | 120,000 |
| | | 15.36 | 20 July 2023 to 18 July 2029 | 15.70 | 240,000 | - | - | - | 240,000 |
| MA Xiumin | 19 July 2019 | 15.36 | 19 July 2020 to 18 July 2029 | 15.70 | 10,000 | - | - | - | 10,000 |
| | | 15.36 | 19 July 2021 to 18 July 2029 | 15.70 | 10,000 | - | - | - | 10,000 |
| | | 15.36 | 20 July 2022 to 18 July 2029 | 15.70 | 10,000 | - | - | - | 10,000 |
| | | 15.36 | 20 July 2023 to 18 July 2029 | 15.70 | 20,000 | - | - | - | 20,000 |

Disclosure of Interests (continued)

| Grantee | Date of grant | closing price of the securities immediately before the date on which the options were granted (HKD per share) | Exercise Period | Exercise Price (HKD) | Balance as at 1 January 2020 [Note 1] | Grant during the six months ended 30 June 2020 | Exercised during the six months ended 30 June 2020 | Cancelled/ forfeited/ lapsed during the six months ended 30 June 2020 | Balance as at 30 June 2020 |
|------------------------|---------------|--|------------------------------|-------------------------|--|--|--|---|----------------------------|
| LIU Hongbai | 19 July 2019 | 15.36 | 19 July 2020 to 18 July 2029 | 15.70 | 10,000 | - | - | - | 10,000 |
| | | 15.36 | 19 July 2021 to 18 July 2029 | 15.70 | 10,000 | - | - | - | 10,000 |
| | | 15.36 | 20 July 2022 to 18 July 2029 | 15.70 | 10,000 | - | - | - | 10,000 |
| | | 15.36 | 20 July 2023 to 18 July 2029 | 15.70 | 20,000 | - | - | - | 20,000 |
| CHEN Bin | 19 July 2019 | 15.36 | 19 July 2020 to 18 July 2029 | 15.70 | 10,000 | - | - | - | 10,000 |
| | | 15.36 | 19 July 2021 to 18 July 2029 | 15.70 | 10,000 | - | - | - | 10,000 |
| | | 15.36 | 20 July 2022 to 18 July 2029 | 15.70 | 10,000 | - | - | - | 10,000 |
| | | 15.36 | 20 July 2023 to 18 July 2029 | 15.70 | 20,000 | - | - | - | 20,000 |
| Other Employees | 19 July 2019 | 15.36 | 19 July 2020 to 18 July 2029 | 15.70 | 1,740,000 | - | - | 110,000 | 1,630,000 |
| | | 15.36 | 19 July 2021 to 18 July 2029 | 15.70 | 1,740,000 | - | - | 110,000 | 1,630,000 |
| | | 15.36 | 20 July 2022 to 18 July 2029 | 15.70 | 1,740,000 | - | - | 110,000 | 1,630,000 |
| | | 15.36 | 20 July 2023 to 18 July 2029 | 15.70 | 3,480,000 | - | - | 220,000 | 3,260,000 |
| Total | | | | | 11,450,000 | - | - | 550,000 | 10,900,000 |

(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 2020 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/short 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 | - | - | 1,022,924,299 (L) | 538,174,457 (L) | 1,551,098,756 (L) | 25.39% |
| | | - | - | 240,500,000 (S) | - | 240,500,000 (S) | 3.94% |
| | MAI Fan | 238,000 (L) | 905,000 (L) | - | - | 1,143,000 (L) | 0.02% |
| | ZHANG Yizhao | 100,000 (L) | - | - | - | 100,000 (L) | 0.00% |
| Kaisa Prosperity Holdings Limited | KWOK Ying Shing | - | - | 1,453,000 (L) | - | 1,453,000 (L) | 0.94% |
| Kaisa Health Group Holdings Limited | KWOK Ying Shing | - | 2,020,000 | 308,000,000 (L) | - | 310,020,000 (L) | 6.15% |

The percentages were calculated based on Shares in issue of the corresponding entity as at 30 June 2020.

(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 | 44,020,000 | 0.72% |
| MAI Fan | Beneficial owner | 10,000,000 | 0.16% |
| LI Haiming | Beneficial owner | 9,370,000 | 0.15% |
| RAO Yong | Beneficial owner | 1,900,000 | 0.03% |
| 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 6,108,307,697 Shares in issue as at 30 June 2020, assuming all the options granted under the Share Option Scheme have been exercised.

Save for those disclosed above, as at 30 June 2020, 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 2020, so far as the Directors were 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 Investment Company Limited ("Da Chang") | Beneficial owner | 708,033,378 (L) (Note 2) | 11.59% |
| Da Feng Investment Company Limited ("Da Feng") | Beneficial owner | 843,065,378 (L) 240,500,000 (S) (Note 3) | 13.80% 3.94% |
| BEA Trustees | Trustee | 843,065,378 (L) (Note 3) | 13.80% |
| Da Zheng Investment Company Limited | Beneficial owner | 843,065,377 (L) | 13.80% |
| Funde Sino Life Insurance Co., Ltd. | Beneficial owner Interest in a controlled corporation | 649,700,957 (L) 887,995,149 (L) (Note 4) | 25.17% |
| Fund Resources Investment Holding Group Company Limited | Beneficial owner | 887,995,149 (L) | 14.54% |

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.
- Da Chang is wholly owned by Mr. Kwok Ying Shing.
- Da Feng is wholly owned by Xingsheng Asia Limited, which is in turn wholly owned by Hongyi Asia Limited, which is in turn wholly owned by Junjia Enterprises Corporation. Junjia Enterprises Corporation is wholly owned by BEA Trustees. BEA Trustees is the trustee of 843,065,378 Shares under a family trust of which Mr. Kwok Ying Shing is the founder of the trust.
- 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 2020. 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 6,108,307,697 shares in issue as at 30 June 2020.

Save for those disclosed above, as at 30 June 2020, 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 55 to 120, which comprises the condensed consolidated statement of financial position as at 30 June 2020, 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 2020

Chiu Wing Ning

Practising Certificate No.: P04920

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

| | Notes | Unaudited Six months ended 30 June | |
|---|-------|---------------------------------------|-----------------|
| | | 2020 RMB'000 | 2019 RMB'000 |
| Revenue | 4 | 22,296,842 | 20,105,995 |
| Cost of sales | 5 | (14,757,655) | (13,398,448) |
| Gross profit | | 7,539,187 | 6,707,547 |
| Other losses, net | 6 | (246,933) | (314,136) |
| Net provisional gains on deemed disposals of subsidiaries | 29 | 325,873 | 979,449 |
| Selling and marketing costs | 5 | (747,636) | (730,644) |
| Administrative expenses | 5 | (1,267,405) | (1,323,494) |
| Net fair value gains on investment properties | 11 | 72,153 | 390,345 |
| Operating profit | | 5,675,239 | 5,709,067 |
| Share of results of associates | 13(a) | 10,719 | (63,182) |
| Share of results of joint ventures | 13(b) | 76,168 | (122) |
| Fair value gains of financial derivatives | 22 | 62,076 | - |
| Finance income | 7 | 231,123 | 224,226 |
| Finance costs | 7 | (1,295,903) | (577,865) |
| Finance costs, net | 7 | (1,064,780) | (353,639) |
| Profit before income tax | | 4,759,422 | 5,292,124 |
| Income tax expenses | 8 | (2,400,721) | (2,514,984) |
| Profit for the period | | 2,358,701 | 2,777,140 |
| Profit/(Loss) for the period attributable to: | | | |
| Owners of the Company | | 2,768,697 | 2,837,222 |
| Non-controlling interests | | (409,996) | (60,082) |
| | | 2,358,701 | 2,777,140 |
| Earnings per share for profit attributable to owners of the Company during the period (expressed in RMB per share) | | | |
| - Basic | 9 | 0.456 | 0.467 |
| - Diluted | 9 | 0.455 | 0.459 |

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)
For the six months ended 30 June 2020

| | Unaudited | |
|--|---------------------------------|----------------|
| | Six months ended 30 June | |
| | 2020 | 2019 |
| | RMB'000 | RMB'000 |
| Profit for the period | 2,358,701 | 2,777,140 |
| Other comprehensive loss for the period, including reclassification adjustments | | |
| <i>Item that may be reclassified subsequently to profit or loss</i> | | |
| Exchange loss on translation of foreign operations | (13,743) | (31,692) |
| Other comprehensive loss for the period, including reclassification adjustments | (13,743) | (31,692) |
| Total comprehensive income for the period | 2,344,958 | 2,745,448 |
| Total comprehensive income/(loss) for the period attributable to: | | |
| Owners of the Company | 2,770,126 | 2,822,823 |
| Non-controlling interests | (425,168) | (77,375) |
| | 2,344,958 | 2,745,448 |

The notes on pages 62 to 120 are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

| | Notes | Unaudited 30 June 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|---|-------|---|---|
| Non-current assets | | | |
| Property, plant and equipment | 11 | 4,495,096 | 4,819,506 |
| Right-of-use assets | 12 | 560,172 | 1,358,516 |
| Investment properties | 11 | 35,960,300 | 35,309,000 |
| Land use rights | 11 | 730,195 | 753,493 |
| Investments in associates | 13(a) | 11,702,796 | 11,918,789 |
| Investments in joint ventures | 13(b) | 15,502,178 | 14,092,325 |
| Financial assets at fair value through profit or loss | 14 | 7,381,767 | 7,807,357 |
| Debtors, deposits and other receivables | 15 | – | 553,500 |
| Goodwill and intangible assets | 16 | 1,238,521 | 1,238,218 |
| Long-term bank deposits | 17 | 1,200,000 | 1,600,000 |
| Deferred tax assets | | 1,093,338 | 864,268 |
| | | 79,864,363 | 80,314,972 |
| Current assets | | | |
| Properties under development | 18 | 66,583,596 | 63,674,746 |
| Completed properties held for sale | | 13,693,233 | 13,003,874 |
| Inventories | | 294,318 | 260,302 |
| Deposits for land acquisition | | 19,539,639 | 19,891,354 |
| Prepayments for proposed development projects | | 30,072,551 | 23,782,080 |
| Debtors, deposits and other receivables | 15 | 40,803,365 | 33,461,565 |
| Prepaid taxes | | 821,395 | 1,092,397 |
| Restricted cash | 17 | 5,561,782 | 6,016,455 |
| Financial assets at fair value through profit or loss | 14 | 1,484,387 | 43,034 |
| Short-term bank deposits | 17 | 1,649,947 | 2,536,724 |
| Cash and bank balances | 17 | 32,062,136 | 26,824,859 |
| | | 212,566,349 | 190,587,390 |
| Current liabilities | | | |
| Contract liabilities | | 47,282,258 | 39,388,659 |
| Accrued construction costs | | 15,729,722 | 14,494,060 |
| Income tax payable | | 12,226,583 | 10,739,849 |
| Lease liabilities | 19 | 111,787 | 159,694 |
| Borrowings | 20 | 31,576,493 | 31,891,998 |
| Other payables | 21 | 27,847,399 | 27,011,322 |
| Derivative financial instruments | 22 | 21,670 | 82,807 |
| | | 134,795,912 | 123,768,389 |

Condensed Consolidated Statement of Financial Position (continued)
As at 30 June 2020

| | Notes | Unaudited 30 June 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|---|-------|---|---|
| Net current assets | | 77,770,437 | 66,819,001 |
| Total assets less current liabilities | | 157,634,800 | 147,133,973 |
| Non-current liabilities | | | |
| Lease liabilities | 19 | 465,423 | 1,226,605 |
| Borrowings | 20 | 90,082,596 | 85,303,554 |
| Other payables | 21 | 10,040 | 10,248 |
| Deferred tax liabilities | | 4,825,233 | 4,886,993 |
| | | 95,383,292 | 91,427,400 |
| Net assets | | 62,251,508 | 55,706,573 |
| EQUITY | | | |
| Share capital | 23 | 536,789 | 534,844 |
| Share premium | 23 | 5,057,307 | 5,546,561 |
| Reserves | 24 | 22,770,386 | 19,634,942 |
| Equity attributable to owners of the Company | | 28,364,482 | 25,716,347 |
| Non-controlling interests | | 33,887,026 | 29,990,226 |
| Total equity | | 62,251,508 | 55,706,573 |

Kwok Ying Shing
Director

Mai Fan
Director

The notes on pages 62 to 120 are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

| | Unaudited | | | | | |
|--|--|--|----------------------------------|----------------------|---|----------------------------|
| | Attributable to owners of the Company | | | | | |
| | Share capital RMB'000 (note 23) | Share premium RMB'000 (note 23) | Reserves RMB'000 (note 24) | Sub-total RMB'000 | Non- controlling interests RMB'000 | Total equity RMB'000 |
| Balance as at 1 January 2020 (audited) | 534,844 | 5,546,561 | 19,634,942 | 25,716,347 | 29,990,226 | 55,706,573 |
| Profit/(Loss) for the period | - | - | 2,768,697 | 2,768,697 | (409,996) | 2,358,701 |
| Other comprehensive income/(loss) for the period | - | - | 1,429 | 1,429 | (15,172) | (13,743) |
| Total comprehensive income/(loss) for the period | - | - | 2,770,126 | 2,770,126 | (425,168) | 2,344,958 |
| Acquisitions of subsidiaries (note 27) | - | - | - | - | (22,448) | (22,448) |
| Capital injection by non-controlling interests | - | - | - | - | 4,392,751 | 4,392,751 |
| Deemed disposals of subsidiaries (note 29) | - | - | - | - | (26,112) | (26,112) |
| Disposals of subsidiaries (note 28) | - | - | - | - | 1,747 | 1,747 |
| 2019 final dividends declared (note 10) | - | (545,262) | - | (545,262) | - | (545,262) |
| Dividend paid to non-controlling interests of subsidiaries | - | - | - | - | (23,970) | (23,970) |
| Issue of shares upon exercise of share options | 1,945 | 56,008 | (16,048) | 41,905 | - | 41,905 |
| Share-based payments | - | - | 75,373 | 75,373 | - | 75,373 |
| Acquisition of additional interest in subsidiaries | - | - | 305,993 | 305,993 | - | 305,993 |
| Balance as at 30 June 2020 (unaudited) | 536,789 | 5,057,307 | 22,770,386 | 28,364,482 | 33,887,026 | 62,251,508 |
| Balance as at 1 January 2019 (audited) | 533,389 | 6,168,607 | 14,938,114 | 21,640,110 | 14,699,202 | 36,339,312 |
| 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 27) | - | - | - | - | 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 29) | - | - | - | - | (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 |
| Others | - | - | 43,713 | 43,713 | - | 43,713 |
| Balance as at 30 June 2019 (unaudited) | 534,314 | 5,710,319 | 17,854,951 | 24,099,584 | 20,779,123 | 44,878,707 |

The notes on pages 62 to 120 are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

| | | Unaudited Six months ended 30 June | |
|--|--|---------------------------------------|---------------------|
| | | 2020 | 2019 |
| Notes | | RMB'000 | RMB'000 |
| Cash flows from operating activities | | | |
| Cash generated from/(used in) operations | | 9,839,659 | (1,286,354) |
| Income tax paid | | (892,091) | (858,104) |
| Interest paid | | (5,255,934) | (3,949,430) |
| <i>Net cash generated from/(used in) operating activities</i> | | 3,691,634 | (6,093,888) |
| Cash flows from investing activities | | | |
| Additions of property, plant and equipment | | 11 (279,774) | (172,545) |
| Additions to investment properties | | 11 (579,147) | (326,796) |
| Additions to intangible assets | | 16 (104,526) | (200,559) |
| Acquisitions of associates | | (73,524) | (4,642,990) |
| Acquisitions of subsidiaries, net of cash acquired | | (84,476) | (378,452) |
| Increase in amounts due from joint ventures | | (3,996,245) | - |
| Decrease in amounts due from associates | | 2,160,600 | 329,897 |
| Increase in other receivables | | (3,688,895) | (3,699,000) |
| Increase in amounts due from non-controlling interests of subsidiaries | | (503,390) | - |
| Decrease/(increase) in short-term bank deposits | | 886,777 | (94,623) |
| Decrease/(increase) in long term bank deposits | | 400,000 | (1,200,000) |
| Capital injection to joint ventures | | 13(b) (908,358) | (975,808) |
| [Decrease]/increase in consideration payables related to acquisition of an associate | | (120,000) | 530,000 |
| Cash inflow from disposals of subsidiaries | | 28 281,041 | (-) |
| Cash outflow from deemed disposals of subsidiaries | | 29 (54,580) | (419,068) |
| Payment for consideration payables related to acquisition of subsidiaries | | (122,744) | (505,855) |
| Purchase of financial assets at fair value through profit or loss | | 14 (1,595,752) | (333,516) |
| Proceeds from disposals of financial assets at fair value through profit or loss | | 324,913 | 1,343,616 |
| Cash inflow from other investing activities | | 235,547 | 482,018 |
| <i>Net cash used in investing activities</i> | | (7,822,533) | (10,263,681) |

Condensed Consolidated Statement of Cash Flows (continued)
For the six months ended 30 June 2020

| | Notes | Unaudited Six months ended 30 June | |
|--|-------|---------------------------------------|-----------------|
| | | 2020 RMB'000 | 2019 RMB'000 |
| Cash flows from financing activities | | | |
| Increase in other payables | | 3,222,761 | 2,080,776 |
| (Decrease)/increase in amounts due to associates | | (1,012,237) | 130,512 |
| (Decrease)/increase in amounts due to joint ventures | | (794,226) | 1,571,279 |
| (Increase)/decrease in restricted cash relating to borrowings | | (7,804) | 2,354,596 |
| Capital injection from non-controlling interests | | 4,392,751 | 5,618,233 |
| Increase/(decrease) in amounts due to non-controlling interests of subsidiaries | | 26,345 | (200,058) |
| Proceeds from bank and other borrowings | | 11,807,563 | 17,627,505 |
| Net proceeds from issuance of senior notes | 20(a) | 10,527,146 | 7,679,319 |
| Proceeds from issuance of convertible bonds | | (-) | 676,913 |
| Proceeds from loans from associates | | (-) | 2,500 |
| Repayments of bank and other borrowings | | (14,397,234) | (12,978,142) |
| Repayments of loans from associates | | (5,000) | (306,650) |
| Payment for repurchase/redemption of senior notes | 20(a) | (3,822,930) | (1,746,852) |
| Cash outflow from other financing activities | | (600,606) | (567,515) |
| <i>Net cash generated from financing activities</i> | | 9,336,529 | 21,942,416 |
| Net increase in cash and cash equivalents | | | |
| Cash and cash equivalents at beginning of period | | 26,824,859 | 15,479,139 |
| Exchange adjustments | | 31,647 | (19,897) |
| Cash and cash equivalents at end of period, represented by cash and bank balances | | | |
| | | 32,062,136 | 21,044,089 |

The notes on pages 62 to 120 are an integral part of this condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months 30 June 2020

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 has not been audited and was authorised for issue by the Board of Directors on 27 August 2020.

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 2020 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 2019, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

(ii) Application of amendments to HKFRSs

The condensed consolidated financial information for the six months ended 30 June 2020 have been prepared in accordance with the accounting policies adopted in the Group’s annual financial statements for the year ended 31 December 2019, except for the adoption of following amended HKFRSs effective as of 1 January 2020. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

| | |
|---|--------------------------------|
| Amendments to HKFRS 3 | Definition of a Business |
| Amendments to HKAS 1 and HKAS 8 | Definition of Material |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |

The amendment to HKFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the condensed consolidated financial information of the Group, but may impact future periods should the Group enter into any business combinations.

Except as above, the application of the amended HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in the condensed consolidated financial information.

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 2019.

There have been no material changes in the risk management policies of the Group since year ended 31 December 2019.

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 three levels of fair value hierarchy are defined based on the observability and significance of inputs to the measurements 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 or indirectly, and not using significant unobservable inputs (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of inputs that is significant to the fair value measurement.

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 30 June 2020 and 31 December 2019.

| | Level 1 RMB'000 | Level 2 RMB'000 | Level 3 RMB'000 | Total RMB'000 |
|--|--------------------|--------------------|--------------------|------------------|
| As at 30 June 2020 (unaudited) | | | | |
| Assets | | | | |
| Financial assets at FVTPL (note 14) | 1,244,530 | 1,450,796 | 6,170,828 | 8,866,154 |
| Liabilities | | | | |
| Derivative financial instruments (note 22) | – | – | 21,670 | 21,670 |
| As at 31 December 2019 (audited) | | | | |
| Assets | | | | |
| Financial assets at FVTPL (note 14) | 258,114 | 1,209,339 | 6,382,938 | 7,850,391 |
| Liabilities | | | | |
| Derivative financial instruments (note 22) | – | – | 82,807 | 82,807 |

During the six months ended 30 June 2020 and 2019, there were no transfers between level 1, 2 and 3. 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 | |
|--------------------------------------|-----------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 |
| Fair value as at 1 January (audited) | 1,209,339 | – |
| Additions | 18,261 | 62,002 |
| Fair value changes | 285,134 | (94) |
| Derecognition | (61,938) | – |
| Exchange realignment | – | 140 |
| Fair value as at 30 June (unaudited) | 1,450,796 | 62,048 |

Additions during the six months ended 30 June 2020 mainly represented unlisted managed funds in Hong Kong.

Fair value gains on financial assets at FVTPL of RMB285,134,000 (Six months ended 30 June 2019: fair value losses of RMB94,000) was included in "other losses, net", in the condensed consolidated statement of profit or loss and other comprehensive income.

The fair value of unlisted managed fund of RMB1,450,796,000 as at 30 June 2020 (30 June 2019: RMB62,048,000) in Level 2 is determined by reference to the net asset value of these investments prescribed by financial institutions.

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

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 | |
|--|------------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 |
| Fair value as at 1 January (audited) | 6,382,938 | 6,636,349 |
| Additions | 369,353 | 95,574 |
| Reclassification | (60,000) | (192,546) |
| Disposals | (9,650) | (964,208) |
| Fair value changes | (512,797) | 11,240 |
| Disposals through deemed disposals of subsidiaries (note 29) | – | (11,980) |
| Exchange realignment | 984 | (11) |
| Fair value as at 30 June (unaudited) | 6,170,828 | 5,574,418 |

Additions during both of the six months ended 30 June 2020 and 2019 mainly represented unlisted investment fund units in properties development and other businesses in the PRC and unlisted debentures (Six months ended 30 June 2019: unlisted investment fund units in properties development and other businesses in the PRC). Disposals during the six months ended 30 June 2020 and 2019 represented unlisted investment fund units in properties development and other businesses in the PRC.

Fair value losses on financial assets at FVTPL of RMB512,797,000 (Six months ended 30 June 2019: fair value gains of RMB11,240,000) was included in "Other losses, net" in the condensed consolidated statement of profit or loss and other comprehensive income.

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

| Financial instrument | Valuation techniques | Significant unobservable inputs | 30 June 2020 (Unaudited) | 31 December 2019 (Audited) | Sensitivity relationship of unobservable inputs to fair value |
|-----------------------------------|-------------------------------|------------------------------------|-----------------------------|-------------------------------|--|
| Certain financial assets at FVTPL | Market approach method | Price to book ratios | 0.24 to 4.60 | 0.66 to 2.75 | Increase/(decrease) in price book 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 |
| Derivative financial instruments | Binomial option pricing model | Expected volatility | 45.9% to 50.4% | 50.4% to 56.07% | Increase/(decrease) in expected volatility 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. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

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 value as at 30 June 2020 and 31 December 2019 except for the following financial instruments, for which their carrying amounts and fair value are disclosed below:

| | Unaudited 30 June 2020 | | Audited 31 December 2019 | |
|-----------------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|
| | Carrying amount RMB'000 | Fair value RMB'000 | Carrying amount RMB'000 | Fair value RMB'000 |
| Borrowings: | | | | |
| – Senior Notes (note 20(a)) | 64,455,108 | 62,902,914 | 56,418,863 | 56,416,773 |

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 losses on financial assets at FVTPL, net loss on repurchase of senior notes, fair value gains on financial derivatives, net gains on disposals 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:

| | Unaudited Six months ended 30 June | |
|---|---------------------------------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 |
| Sales of properties | 20,639,268 | 18,501,739 |
| Rental income | 162,480 | 194,669 |
| Property management services | 554,754 | 375,043 |
| Hotel and catering operations | 71,567 | 100,048 |
| Cinema, department store and cultural centre operations | 44,483 | 139,546 |
| Water-way passenger and cargo transportation | 193,726 | 393,230 |
| Others | 630,564 | 401,720 |
| | 22,296,842 | 20,105,995 |

4. REVENUE AND SEGMENT INFORMATION *(continued)*

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2020 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 | 20,639,268 | 169,335 | 767,353 | 79,243 | 78,254 | 195,153 | 895,534 | 22,824,140 |
| Less: Inter-segment revenue | - | (6,855) | (212,599) | (7,676) | (33,771) | (1,427) | (264,970) | (527,298) |
| Revenue from external customers | 20,639,268 | 162,480 | 554,754 | 71,567 | 44,483 | 193,726 | 630,564 | 22,296,842 |
| Timing of revenue recognition under HKFRS 15 | | | | | | | | |
| At a point in time | 17,899,692 | - | - | - | - | 94,222 | 630,564 | 18,624,478 |
| Over time | 2,739,576 | - | 554,754 | 71,567 | 44,483 | 99,504 | - | 3,509,884 |
| Revenue not in the scope of HKFRS 15 | - | 162,480 | - | - | - | - | - | 162,480 |
| | 20,639,268 | 162,480 | 554,754 | 71,567 | 44,483 | 193,726 | 630,564 | 22,296,842 |
| Segment results before net provisional gains on deemed disposals of subsidiaries, net fair value gains on investment properties and share of results of associates and joint ventures | 5,232,707 | 58,994 | 33,146 | 129,447 | 274,725 | (28,607) | (27,832) | 5,672,580 |
| Net provisional gains on deemed disposals of subsidiaries (note 29) | 91,329 | - | - | 234,544 | - | - | - | 325,873 |
| Net fair value gains on investment properties (note 11) | - | 72,153 | - | - | - | - | - | 72,153 |
| Share of results of associates (note 13(a)) | 3,954 | - | - | - | - | - | 6,765 | 10,719 |
| Share of results of joint ventures (note 13(b)) | 104,998 | - | (1,255) | - | - | - | (27,575) | 76,168 |
| Segment results | 5,432,988 | 131,147 | 31,891 | 363,991 | 274,725 | (28,607) | (48,642) | 6,157,493 |
| Net fair value losses on financial assets at FVTPL (note 6) | | | | | | | | (201,861) |
| Net gains on disposals of financial assets at FVTPL (note 6) | | | | | | | | 8,628 |
| Fair value gain on financial derivatives | | | | | | | | 62,076 |
| Corporate and other unallocated expenses | | | | | | | | (202,134) |
| Finance income | | | | | | | | 231,123 |
| Finance costs | | | | | | | | (1,295,903) |
| Finance costs - net (note 7) | | | | | | | | (1,064,780) |
| Profit before income tax | | | | | | | | 4,759,422 |
| Income tax expenses (note 8) | | | | | | | | (2,400,721) |
| Profit for the period | | | | | | | | 2,358,701 |

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 | 401,720 | 18,653,553 |
| Over time | 516,086 | - | 375,043 | 100,048 | 139,546 | 127,050 | - | 1,257,773 |
| 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 gains on deemed disposals of subsidiaries (note 29) | 979,449 | - | - | - | - | - | - | 979,449 |
| Net fair value gains on investment properties (note 11) | - | 390,345 | - | - | - | - | - | 390,345 |
| Share of results of associates (note 13 (a)) | (54,056) | - | - | - | - | - | (9,126) | (63,182) |
| Share of results of joint ventures (note 13(b)) | 10,164 | - | - | - | - | - | (10,286) | (122) |
| Segment results | 5,948,895 | 173,790 | 89,912 | (44,516) | (396,957) | 115,068 | (197,408) | 5,688,784 |
| Net fair value losses on financial assets at FVTPL (note 6) | | | | | | | | (33,809) |
| Net loss on repurchase of senior notes (note 6) | | | | | | | | (63,477) |
| Net gains on disposals 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 assets and liabilities as at 30 June 2020 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 | 746,799,925 | 47,380,007 | 8,599,544 | 3,860,875 | 8,446,596 | 27,830,257 | 8,312,019 | (569,579,398) | 281,649,825 |
| Unallocated | | | | | | | | | 10,780,887 |
| | | | | | | | | | 292,430,712 |
| Segment liabilities | 665,012,039 | 7,966,642 | 5,666,300 | 3,301,451 | 9,138,426 | 19,128,008 | 5,316,191 | (522,082,119) | 193,446,938 |
| Unallocated | | | | | | | | | 36,732,266 |
| | | | | | | | | | 230,179,204 |

The segment assets and liabilities as at 31 December 2019 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 | 634,693,133 | 44,219,135 | 5,500,989 | 4,606,920 | 4,199,238 | 27,786,843 | 8,166,274 | (468,077,226) | 261,095,306 |
| Unallocated | | | | | | | | | 9,807,056 |
| | | | | | | | | | 270,902,362 |
| Segment liabilities | 559,964,607 | 8,273,196 | 2,740,966 | 4,104,471 | 5,077,836 | 19,126,219 | 5,085,521 | (426,293,116) | 178,079,700 |
| Unallocated | | | | | | | | | 37,116,089 |
| | | | | | | | | | 215,195,789 |

For the six months ended 30 June 2020 and 2019, 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 2020.

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

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

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 | |
| | 2020 | 2019 |
| | RMB'000 | RMB'000 |
| Auditor's remuneration | 3,000 | 2,500 |
| Advertising and other promotional costs | 177,167 | 275,101 |
| Agency fees | 299,296 | 246,628 |
| Amortisation of land use rights (note 11) | 10,695 | 9,079 |
| Amortisation of intangible assets (note 16) | 105,928 | 139,371 |
| Bank charges | 13,297 | 27,175 |
| Cost of properties sold | 13,359,608 | 12,027,806 |
| Depreciation | | |
| – Property, plant and equipment (note 11) | 108,623 | 130,202 |
| – Right-of-use assets | 65,698 | 72,097 |
| Direct operating expenses arising from | | |
| – Property investment | 57,032 | 128,637 |
| – Property management services | 456,176 | 227,953 |
| – Hotel and catering operations | 15,361 | 24,098 |
| – Cinema, department store and cultural centre operations | 60,014 | 96,233 |
| – Water-way passenger and cargo transportation | 179,611 | 280,746 |
| Donations | 69,791 | 154,960 |
| Entertainment | 46,362 | 43,118 |
| Legal and professional fees | 227,958 | 141,572 |
| Office expenses | 112,922 | 67,413 |
| Minimum lease payment under operating leases (note) | 12,759 | – |
| Others | 582,923 | 375,693 |
| Other taxes | 30,135 | 111,131 |
| Staff costs – including directors' emoluments | 763,497 | 852,470 |
| Travelling | 14,843 | 18,603 |
| | 16,772,696 | 15,452,586 |

Note: According to HKFRS 16 Leases, payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months.

6. OTHER LOSSES – NET

| | Unaudited Six months ended 30 June | |
|---|---------------------------------------|------------------|
| | 2020 RMB'000 | 2019 RMB'000 |
| Dividend income from financial assets at FVTPL | 21,400 | 23,257 |
| Forfeited customer deposits | 3,301 | 887 |
| Government subsidy income (note) | 53,558 | 18,565 |
| Loss on disposal of investment properties | - | (221,000) |
| Loss on disposal of deposits for land acquisitions | - | (52,038) |
| Net loss on repurchase of senior notes (note 20(a)) | - | (63,477) |
| Net gains on disposals of financial assets at FVTPL | 8,628 | 241,915 |
| Provision for expected credit loss (note 15(d)) | (498,458) | (157,661) |
| Remeasurement losses resulting from associates and joint ventures transferred to subsidiaries | (369,332) | - |
| Provisional gains on disposals of subsidiaries (note 28) | 793,202 | - |
| Net fair value losses on financial assets at FVTPL (note 14) | (201,861) | (33,809) |
| Net (losses)/gains on disposal of property, plant and equipment | (46) | 8,272 |
| Others | 365,286 | 6,663 |
| Write-down of completed properties held for sale and properties under development | (422,611) | (85,710) |
| | (246,933) | (314,136) |

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 | |
|---|---------------------------------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 |
| Finance income | | |
| Interest income on bank deposits | 176,600 | 100,943 |
| Interest income from associates | 1,848 | 3,337 |
| Interest income from loans to third parties | 52,675 | 119,946 |
| | 231,123 | 224,226 |
| Finance costs | | |
| Interest expense: | | |
| – Bank and other borrowings | 2,369,471 | 2,591,497 |
| – Senior Notes (note 20(a)) | 3,431,669 | 2,273,703 |
| – Convertible bonds (note 20(b)) | 46,492 | 39,608 |
| – Lease liabilities | 19,883 | 33,824 |
| Total interest expenses | 5,867,515 | 4,938,632 |
| Less: interests capitalised (note) | (5,255,506) | (4,472,214) |
| | 612,009 | 466,418 |
| Net exchange losses | 683,894 | 111,447 |
| | 1,295,903 | 577,865 |
| Finance costs – net | (1,064,780) | (353,639) |

Note: The capitalisation rate of borrowings is 10.17% (Six months ended 30 June 2019: 9.05%) for the period.

8. INCOME TAX EXPENSES

| | Unaudited Six months ended 30 June | |
|-----------------------------|---------------------------------------|------------------|
| | 2020 RMB'000 | 2019 RMB'000 |
| Current income tax | | |
| – PRC enterprise income tax | 2,091,570 | 1,219,125 |
| – PRC land appreciation tax | 599,257 | 1,344,731 |
| Deferred tax | (290,106) | (48,872) |
| | 2,400,721 | 2,514,984 |

Income tax expenses for the six months ended 30 June 2020 and 2019 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 2020 and 2019 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 2019: 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 | |
|--|---------------------------------------|---------------|
| | 2020 | 2019 |
| Profit attributable to owners of the Company (RMB'000) | 2,768,697 | 2,837,222 |
| Weighted average number of ordinary shares in issue | 6,067,118,267 | 6,074,558,089 |
| Basic earnings per share (RMB) | 0.456 | 0.467 |

The calculation of basic earnings per share is based on the Group's profit attributable to owners of the Company of RMB2,768,697,000 (unaudited) (Six months ended 30 June 2019: RMB2,837,222,000 (unaudited)) and the weighted average number of 6,067,118,267 (Six months ended 30 June 2019: 6,074,558,089) 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 | |
|--|---------------------------------------|---------------|
| | 2020 | 2019 |
| Profit attributable to owners of the Company (RMB'000) | 2,768,697 | 2,837,222 |
| Effect of dilutive potential ordinary shares: | | |
| – Interest on convertible bonds (RMB'000) | – | 39,650 |
| | 2,768,697 | 2,876,872 |
| Weighted average number of ordinary shares in issue | 6,067,118,267 | 6,074,558,089 |
| Effect of issue of shares under: | | |
| – Adjustment for share options scheme | 21,910,648 | 34,001,363 |
| – Adjustment for convertible bonds | – | 156,600,000 |
| Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share | 6,089,028,915 | 6,265,159,452 |
| Diluted earnings per share (RMB) | 0.455 | 0.459 |

Diluted earnings per share for the six months ended 30 June 2020 and 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. For the six months ended 30 June 2020, the potential shares arising from the conversion of the Company's convertible bonds would increase the earnings per share attributable to owners of the Company and is not taken into account as they had an anti-dilutive effects.

10. DIVIDENDS

| | Unaudited Six months ended 30 June | |
|--|---------------------------------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 |
| (i) Dividends attributable to the period | | |
| 2020 interim dividends declared of HK\$0.03 (2019: HK\$0.03) per share | 167,380 | 165,961 |
| (ii) Dividends attributable to the previous financial year, approved during the period: | | |
| Final dividend in respect of the previous financial year, approved during the following interim period, of HK\$0.10 per share (Six months ended 30 June 2019: HK\$0.09 per share) | 545,262 | 478,683 |

A final dividend in respect of the year ended 31 December 2019 of HK10.0 cents (equivalent to RMB8.96 cents) per share was approved at the annual general meeting on 15 June 2020 (Six months ended 30 June 2019: a final dividend in respect of the year ended 31 December 2018 of HK9.0 cents (equivalent to RMB7.89 cents) per share with a scrip dividend alternative was approved at the annual general meeting on 14 June 2019). The aggregate amount of final dividend declared from share premium of the Company amounted to HK\$608,687,000 (equivalent to approximately RMB545,262,000). (Six months ended 30 June 2019: HK\$546,317,000 (equivalent to approximately RMB478,683,000)).

The Board recommended to declare an interim dividend of HK3.0 cents (equivalent to RMB2.74 cents) per share for the six months ended 30 June 2020. The aggregate amount of interim dividend proposed to be declared from share premium of the Company amounted to HK\$183,249,000 (equivalent to approximately RMB167,380,000) (Six months ended 30 June 2019: HK\$182,495,000 (equivalent to approximately RMB165,961,000)). 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 |
| Six months ended 30 June 2020 | | | |
| Opening net carrying amount as at 1 January 2020 (audited) | 4,819,506 | 35,309,000 | 753,493 |
| Acquisitions of subsidiaries (note 27) | 4,240 | - | - |
| Additions | 279,774 | 579,147 | 39,633 |
| Amortisation (note 5) | - | - | (10,695) |
| Depreciation (note 5) | (108,623) | - | - |
| Disposal of subsidiaries (note 28) | (479,108) | - | (52,236) |
| Deemed disposals of subsidiaries (note 29) | (10,728) | - | - |
| Disposals | (11,446) | - | - |
| Increase in fair value, net | - | 72,153 | - |
| Exchange realignment | 1,481 | - | - |
| Closing net carrying amount as at 30 June 2020 (unaudited) | 4,495,096 | 35,960,300 | 730,195 |

| | Unaudited | | |
|--|---|---|-------------------------------|
| | Property, plant and equipment RMB'000 | Investment properties RMB'000 (note) | Land use rights RMB'000 |
| Six months ended 30 June 2019 | | | |
| Opening net carrying amount as at 1 January 2019 (audited) | 3,055,880 | 35,930,000 | 669,078 |
| Acquisitions of subsidiaries (note 27) | 93,644 | - | 13,600 |
| Additions | 172,545 | 326,796 | - |
| Amortisation (note 5) | - | - | (9,079) |
| Depreciation (note 5) | (130,202) | - | - |
| Deemed disposals of subsidiaries (note 29) | (2,539) | (560,000) | - |
| Disposals | (41,371) | (332,141) | - |
| Increase in fair value, net | - | 390,345 | - |
| Exchange realignment | 467 | - | - |
| Closing net carrying amount as at 30 June 2019 (unaudited) | 3,148,424 | 35,755,000 | 673,599 |

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 professional 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 from 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 are made reference to recent lettings, within the subject properties and other comparable properties.

Fair values of commercial properties under development are generally derived from 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 2020 | | Audited 31 December 2019 | |
|-----------------------|---------------------------|----------------------|-----------------------------|----------------------|
| | Commercial RMB'000 | Carpark RMB'000 | Commercial RMB'000 | Carpark RMB'000 |
| Capitalisation rate | 3.0%-6.5% | 6.5% | 3.0%-6.5% | 6.5% |
| Expected vacancy rate | 0%-5% | N/A | 0%-5% | N/A |
| Monthly rental | RMB22-592 per sq.m. | RMB2,330 per unit | RMB21-594 per sq.m. | RMB2,300 per unit |

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)*

Fair value measurements using significant unobservable inputs *(continued)*

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

Commercial properties under development:

| | Unaudited 30 June 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|---|---|---|
| Term yield and revisionary yield | 4.35%-4.75% | 4.35%-4.75% |
| Budgeted construction cost (RMB/sq. m.) | 208-6,008 | 312-6,078 |
| Anticipated developer's profit margin | 10%-20% | 10%-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 2020 and 31 December 2019, the fair value measurement of the Group's investment properties is categorised at level 3. During the six months ended 30 June 2020 and 2019, there was 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 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|---|---|---|
| Cost of investments in associates, less accumulated impairment | | |
| – Listed | 4,204,258 | 4,204,258 |
| – Unlisted | 7,368,209 | 7,594,921 |
| Share of post-acquisition profit and other comprehensive income, net of dividend received | 130,329 | 119,610 |
| | 11,702,796 | 11,918,789 |

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 2020 and 2019 are as follows:

| | Unaudited Six months ended 30 June | |
|--|---------------------------------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 |
| At 1 January | 11,918,789 | 7,072,822 |
| Additions | - | 5,134,006 |
| Derecognition upon additional acquisitions of subsidiaries (note 27(b) and 27(c)) | (200,236) | - |
| Disposal of a subsidiary (note 28) | (100,000) | - |
| Capital injection to associates | 73,524 | 138,750 |
| Share of results of associates | 10,719 | (63,259) |
| | | |
| At 30 June | 11,702,796 | 12,282,319 |

(b) Investments in joint ventures

Movements of investments in joint ventures during the six months ended 30 June 2020 and 2019 are as follows:

| | Unaudited Six months ended 30 June | |
|--|---------------------------------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 |
| Unlisted investments | | |
| At 1 January | 14,092,325 | 8,677,152 |
| Transfer from subsidiaries (note 29) | 583,019 | 1,322,702 |
| Capital injection to joint ventures | 908,358 | 975,808 |
| Derecognise upon additional acquisitions of subsidiaries (note 27(b) and 27(c)) | (157,692) | - |
| Share of results of joint ventures | 76,168 | (122) |
| | | |
| At 30 June | 15,502,178 | 10,975,540 |

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Unaudited Six months ended 30 June | |
|--------------------------------|---------------------------------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 |
| At 1 January | 7,850,391 | 6,895,826 |
| Additions | 1,595,752 | 333,516 |
| Reclassification | (60,000) | (192,546) |
| Disposals | (316,285) | (1,101,702) |
| Deemed disposal of subsidiary | (3,000) | (11,980) |
| Net fair value losses (note 6) | (201,861) | (33,809) |
| Exchange difference | 1,157 | 129 |
| At 30 June | 8,866,154 | 5,889,434 |
| Less: non-current | (7,381,767) | (5,624,026) |
| | 1,484,387 | 265,408 |

As at 30 June 2020 and 31 December 2019, the balances of financial assets at FVTPL include the following:

| | Unaudited 30 June 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|--|---|---|
| Listed equity securities and debt securities | 1,244,530 | 258,114 |
| Unlisted equity investments | 7,621,624 | 7,592,277 |
| | 8,866,154 | 7,850,391 |
| Less: non-current | (7,381,767) | (7,807,357) |
| | 1,484,387 | 43,034 |

Changes in fair values of these investments are recorded in "Net fair value losses on financial assets at FVTPL" in "other losses, net" in the condensed consolidated statement of profit or loss and other comprehensive income.

15. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

| | Unaudited 30 June 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|---|---|---|
| Trade debtors – net (note a) | 792,620 | 1,273,050 |
| Other receivables (note b) | 9,608,875 | 7,559,364 |
| Other deposits (note b) | 3,348,967 | 2,172,369 |
| Prepayments (note c) | 4,689,376 | 4,106,237 |
| Prepaid other taxes | 4,493,623 | 2,873,176 |
| Restricted deposit for borrowings from non-financial institution (note b) | 1,960,203 | 1,960,203 |
| Amounts due from associates (note b) | 1,882,516 | 4,043,116 |
| Amounts due from joint ventures (note b) | 11,288,368 | 7,292,123 |
| Amount due from non-controlling interests of subsidiaries (note b) | 4,308,511 | 3,805,121 |
| | 41,580,439 | 33,811,709 |
| Less: allowance for impairment (note d) | (1,569,694) | (1,069,694) |
| Deposits, prepayments and other receivables – net | 40,010,745 | 32,742,015 |
| Total debtors, deposits and other receivables – net | 40,803,365 | 34,015,065 |
| Less: non-current portion | | |
| Other receivables (note b(i)) | - | (553,500) |
| Non-current portion | - | (553,500) |
| Current portion | 40,803,365 | 33,461,565 |

15. DEBTORS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Notes:

- (a) Trade debtors mainly arise from sales of properties and property management. Proceeds receivable in respect of the sales of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Rental income from lease of properties are generally receivable in accordance with the terms of the relevant agreements. The ageing analysis of trade debtors based on contractual terms as at the respective reporting dates is as follows:

| | Unaudited 30 June 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|---|---|---|
| Within 90 days | 483,909 | 894,543 |
| Over 90 days but within 180 days | 55,452 | 37,554 |
| Over 180 days but within 270 days | 105,500 | 270,500 |
| Over 270 days but within 365 days | 38,643 | 22,999 |
| Over 365 days | 180,046 | 119,926 |
| | 863,550 | 1,345,522 |
| Less: allowance for impairment (note d) | (70,930) | (72,472) |
| | 792,620 | 1,273,050 |

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2020, a provision of RMB70,930,000 (unaudited) was made against the gross amount of trade debtors (31 December 2019: RMB72,472,000 (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.

As at 31 December 2019, there was trade debtors of RMB247,885,000 (audited) were due over 180 days and within 270 days. The balances mainly represented receivables from sales of commercial and residential properties and properties under development to independent third parties.

15. DEBTORS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Notes: *(continued)*

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

| | Unaudited 30 June 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|---|---|---|
| Other receivables (note (i)) | 9,608,875 | 7,559,364 |
| Other deposits (note (ii)) | 3,348,967 | 2,172,369 |
| Restricted deposit for borrowings from non-financial institution (note (iii)) | 1,960,203 | 1,960,203 |
| Amounts due from associates (note (iv)) | 1,882,516 | 4,043,116 |
| Amounts due from joint ventures (note (iv)) | 11,288,368 | 7,292,123 |
| Amount due from non-controlling interest of a subsidiary (note (iv)) | 4,308,511 | 3,805,121 |
| | 32,397,440 | 26,832,296 |
| Less: allowance for impairment (note d) | (1,569,694) | (1,069,694) |
| Deposits and other receivables – net | 30,827,746 | 25,762,602 |

(i) Deposits and other receivables mainly included deposits, interest receivables, amounts to be refunded by the government in relation to the land acquisition in the PRC, amounts due from former subsidiaries in relation to disposals of subsidiaries in current period and prior years and advances to third parties. As at 30 June 2020, there are other receivables amounting to RMB700,876,800 (unaudited) (31 December 2019: RMB490,790,000 (audited)) are unsecured, carry at interest rates ranging from 7.0% to 18.0% (unaudited) (31 December 2019: 12.0% to 15.0% (audited)) per annum. Included in other receivables, those which are repayable over 1 year RMB553,500,000 (audited) are classified as non-current assets as at 31 December 2019.

(ii) Details of other deposits are as follows:

| | Unaudited 30 June 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|---|---|---|
| Deposits paid for acquisitions of subsidiaries | 44,800 | 20,000 |
| Deposits paid for acquisitions of property, plant and equipment | 334,654 | – |
| Deposit paid for acquisitions of land use rights for property development | 1,283,440 | 500,000 |
| Refundable deposit to redevelopment project partner | 560,998 | 548,996 |
| Other | 1,125,075 | 1,103,373 |
| | 3,348,967 | 2,172,369 |

(iii) The amount represented non-interest bearing restricted deposit for borrowings from non-financial institution.

(iv) The amounts are unsecured, interest free, 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.

15. 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 amount is 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 |
|--|--------------------------------------|--|------------------|
| Six months ended 30 June 2020 | | | |
| Opening loss allowance as at 1 January 2020 (audited) | 72,472 | 1,069,694 | 1,142,166 |
| (Reversal)/Provision for loss allowance recognised in profit or loss during the period (note 6) | (1,542) | 500,000 | 498,458 |
| Closing loss allowance as at 30 June 2020 (unaudited) | 70,930 | 1,569,694 | 1,640,624 |
| Six months ended 30 June 2019 | | | |
| 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 |

- (e) As at 30 June 2020, the gross carrying amount of debtors, deposits and other receivables (excluding prepayments and prepaid other taxes) was RMB33,260,990,000 (unaudited) (31 December 2019: RMB28,177,818,000 (audited)) and thus the maximum exposure to loss was RMB33,260,990,000 (unaudited) (31 December 2019: RMB28,177,818,000 (audited)). No write-off of debtors, deposits and other receivables (excluding prepayments and prepaid other taxes) was provided during the period.

16. GOODWILL AND INTANGIBLE ASSETS

| | Unaudited | | | | | | Total RMB'000 |
|--|-----------|-------------------------------------|--------------------------|--------------------------|------------|---------|------------------|
| | Goodwill | Contracts with sports players | Trademarks and patent | Customer relationship | Technology | Others | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | |
| Six months ended 30 June 2020 | | | | | | | |
| Net carrying amount as at 1 January 2020 (audited) | 645,149 | 280,829 | 258,386 | 48,094 | - | 5,760 | 1,238,218 |
| Acquisition of subsidiaries (note 27(b) and 27(c)) | 14,691 | - | - | - | - | 1,705 | 16,396 |
| Additions | - | 104,526 | - | - | - | - | 104,526 |
| Amortisation expensed in administrative expenses (note 5) | - | (82,751) | (7,167) | (14,855) | - | (1,155) | (105,928) |
| Impairment loss | (14,691) | - | - | - | - | - | (14,691) |
| Net carrying amount as at 30 June 2020 (unaudited) | 645,149 | 302,604 | 251,219 | 33,239 | - | 6,310 | 1,238,521 |

| | Unaudited | | | | | | | Total RMB'000 |
|--|-----------|-------------------------------------|--------------------------|--------------------------|------------|-------------------------|---------|------------------|
| | Goodwill | Contracts with sports players | Trademarks and patent | Customer relationship | Technology | Distribution Network | Others | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | |
| Six months ended 30 June 2019 | | | | | | | | |
| 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 27(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 |

16. GOODWILL AND INTANGIBLE ASSETS *(continued)*

Notes:

- (a) The Group's goodwill mainly 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 27(b)) and (vii) Jiaxing Dashu Property Management Company Limited* ("**Jiaxing Dashu**") and its subsidiaries ("**Jiaxing Dashu Group**") (note 27(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 58 months (six months ended 30 June 2019: 1 to 48 months).

17. LONG-TERM BANK DEPOSITS/RESTRICTED CASH/SHORT-TERM BANK DEPOSITS/ CASH AND BANK BALANCES

The long-term and short-term deposits are denominated in RMB and have original maturity ranging from 6 months to 60 months (31 December 2019: 1 month to 60 months). The effective interest rates of these deposits as at 30 June 2020 are ranged from 1.55% to 3.85% (31 December 2019: 1.55% to 3.85%) per annum.

Long-term bank deposits, restricted cash, short-term bank deposits, cash, and bank balances are denominated in the following currencies:

| | Unaudited 30 June 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|-----------------------|---|---|
| RMB | 39,317,385 | 33,958,455 |
| Hong Kong dollars | 923,023 | 342,984 |
| United States dollars | 216,613 | 2,660,833 |
| Euro | 16,844 | 15,766 |
| | 40,473,865 | 36,978,038 |

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

18. PROPERTIES UNDER DEVELOPMENT

| | Unaudited 30 June 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|---|---|---|
| Properties under development | 67,289,861 | 63,977,578 |
| Less: Provisions for properties under development | (706,265) | (302,832) |
| | 66,583,596 | 63,674,746 |

The properties under development were located in the PRC and Hong Kong (31 December 2019: PRC) and are stated at cost.

19. LEASE LIABILITIES

| | Unaudited 30 June 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|---|---|---|
| Total minimum lease payments: | | |
| Due within one year | 153,169 | 241,716 |
| Due in the second to fifth years | 380,652 | 703,205 |
| Due after the fifth years | 393,893 | 1,045,943 |
| | 927,714 | 1,990,864 |
| Future finance charges on lease liabilities | (350,504) | (604,565) |
| | 577,210 | 1,386,299 |
| Present value of lease liabilities | | |
| Present value of minimum lease payments: | | |
| Due within one year | 111,787 | 159,694 |
| Due in the second to fifth years | 266,340 | 450,364 |
| Due after the fifth years | 199,083 | 776,241 |
| | 577,210 | 1,386,299 |
| Less: | | |
| Portion due within one year included under current liabilities | (111,787) | (159,694) |
| | 465,423 | 1,226,605 |
| Portion due after one year included under non-current liabilities | | |

20. BORROWINGS

| | Notes | Unaudited 30 June 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|---|-------|---|---|
| Borrowings included in current liabilities: | | | |
| Senior Notes | (a) | 10,479,858 | 3,663,743 |
| Bank borrowings – secured | (c) | 4,775,337 | 19,263,692 |
| Bank borrowings – unsecured | (c) | 1,901,639 | 1,167,308 |
| Other borrowings – secured | (c) | 11,052,020 | 6,492,249 |
| Other borrowings – unsecured | (c) | 3,258,858 | 1,191,225 |
| Loan from a related company | (d) | 108,781 | 108,781 |
| Loans from associates | (e) | – | 5,000 |
| | | 31,576,493 | 31,891,998 |
| Borrowings included in non-current liabilities: | | | |
| Senior Notes | (a) | 53,975,250 | 52,755,120 |
| Convertible Bonds | (b) | 719,785 | 699,900 |
| Bank borrowings – secured | (c) | 25,695,080 | 17,243,728 |
| Bank borrowings – unsecured | (c) | 4,074,637 | 2,343,930 |
| Other borrowings – secured | (c) | 4,007,854 | 9,692,786 |
| Other borrowings – unsecured | (c) | 1,609,990 | 2,568,090 |
| | | 90,082,596 | 85,303,554 |
| Total borrowings | | 121,659,089 | 117,195,552 |

20. BORROWINGS *(continued)*

Notes:

(a) Senior Notes

| | Audited 31 December 2019 | New issuance | Repurchase/ redemption | Unaudited 30 June 2020 |
|--|--------------------------------|--------------|---------------------------|------------------------------|
| Par value | | | | |
| 2020 7.25% Notes (US\$'000) | 540,000 | - | (540,000) | - |
| 2021 6.75% Notes (US\$'000) | - | 400,000 | - | 400,000 |
| 2021 7.875% Notes (US\$'000) | 400,000 | 300,000 | - | 700,000 |
| 2021 11.75% Notes (US\$'000) | 400,000 | - | - | 400,000 |
| 2022 8.5% Notes (US\$'000) | 1,147,000 | - | - | 1,147,000 |
| 2022 11.25% Notes – tranche I (US\$'000) | 350,000 | - | - | 350,000 |
| 2022 11.25% Notes – tranche II (US\$'000) | 200,000 | - | - | 200,000 |
| 2022 11.95% Notes – tranche I (US\$'000) | 400,000 | - | - | 400,000 |
| 2022 11.95% Notes – tranche II (US\$'000) | 200,000 | - | - | 200,000 |
| 2023 10.875% Notes – tranche I (US\$'000) | 300,000 | - | - | 300,000 |
| 2023 10.875% Notes – tranche II (US\$'000) | 150,000 | - | - | 150,000 |
| 2023 11.5% Notes – tranche I (US\$'000) | 400,000 | - | - | 400,000 |
| 2023 11.5% Notes – tranche II (US\$'000) | 300,000 | - | - | 300,000 |
| 2023 11.95% Notes (US\$'000) | 300,000 | - | - | 300,000 |
| 2024 9.375% Notes (US\$'000) | 3,051,500 | - | - | 3,051,500 |
| 2025 10.5% Notes (US\$'000) | - | 500,000 | - | 500,000 |
| 2025 9.95% Notes (US\$'000) | - | 300,000 | - | 300,000 |
| Total (US\$'000) | 8,138,500 | 1,500,000 | (540,000) | 9,098,500 |
| Amortised cost (US\$'000) | 8,087,335 | | | 9,104,472 |
| Total amortised cost (RMB'000) | 56,418,863 | | | 64,455,108 |

The Group issued (i) 10.5% senior notes due 2025 with an aggregate principal amount of US\$500,000,000 (equivalent to approximately RMB3,542,550,000) at 95.22% of the face value (“**2025 10.50% Notes**”) in January 2020, (ii) 9.95% senior notes due 2025 with an aggregate principal amount of US\$300,000,000 (equivalent to approximately RMB2,125,530,000) at 92.09% of the face value (“**2025 9.95% Notes**”) in January 2020, (iii) 6.75% senior notes due 2021 with an aggregate principal amount of US\$400,000,000 (equivalent to approximately RMB2,834,040,000) at 99.92% of the face value (“**2021 6.75% Notes**”) in February 2020, and (iv) 7.875% senior notes due 2021 with an aggregate principal amount of US\$300,000,000 (equivalent to approximately RMB2,123,850,000) at 100.39% of the face value (“**2021 7.875% Notes**”) in June 2020.

On 1 June 2020, the Group repurchased 2020 7.25% Notes with a principal amount of US\$27,000,000 (equivalent to approximately RMB191,146,000). On 30 June 2020, the 2020 7.25% Notes matured, the Group repaid the outstanding 2020 7.25% Note with a principal amount of US\$513,000,000 (equivalent to approximately RMB3,631,784,000).

20. 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 10.39% (unaudited) (31 December 2019: 10.15% (audited)) per annum.

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 for the six months ended 30 June 2020 and 2019 is as follow:

| | 2020 RMB'000 | 2019 RMB'000 |
|---|---------------------|-----------------|
| Carrying amount as at 1 January (audited) | 56,418,863 | 39,726,866 |
| Accrued interests (note 7) | 3,431,669 | 2,273,703 |
| Interests paid | (2,881,143) | (1,825,920) |
| Senior notes recognised | 10,625,970 | 7,764,550 |
| Transaction costs | (98,824) | (85,231) |
| Repurchase/redemption of senior notes | (3,822,930) | (1,683,375) |
| Exchange differences | 781,503 | 186,723 |
| Carrying amount as at 30 June (unaudited) | 64,455,108 | 46,357,316 |
| Less: current portion included in current liabilities | (10,479,858) | (3,112,441) |
| Included in non-current liabilities | 53,975,250 | 43,244,875 |

20. 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. The conversion price of the Convertible Bonds was adjusted to HK\$4.66 per share with effect from 30 June 2020. Neither the Company nor the holders of the Convertible Bonds may demand early redemption. The terms of Convertible Bonds do not satisfy the “fixed for fixed” rule in HKFRS 9. The proceeds of the Convertible Bonds were allocated into two components, debt and financial derivative elements on initial recognition. The Convertible Bond 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. As at 30 June 2020 and 31 December 2019, there has been no conversion of the Convertible Bonds. The Convertible Bonds are listed on the Singapore Exchange Securities Trading Limited.

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 liabilities of Convertible Bonds for the six months ended 30 June 2020 and 2019 is set out below:

| | 2020 RMB'000 | 2019 RMB'000 |
|---------------------------|-----------------|-----------------|
| As at 1 January (audited) | 699,900 | - |
| New issue | - | 687,920 |
| Transaction costs | - | (11,007) |
| Interest expense (note 7) | 46,492 | 39,608 |
| Interest paid | (36,625) | - |
| Exchange differences | 10,018 | (43,672) |
| As at 30 June (unaudited) | 719,785 | 672,849 |

20. BORROWINGS *(continued)*

Notes: *(continued)*

(c) Bank and other borrowings

The Group's bank and other borrowings of RMB45,530,291,000 (unaudited) (31 December 2019: RMB52,692,455,000 (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 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|------------------------------------|---|---|
| Property, plant and equipment | 1,966,705 | 2,012,494 |
| Investment properties | 18,738,300 | 20,198,000 |
| Land use rights | 499,394 | 557,991 |
| Properties under development | 39,844,517 | 42,060,748 |
| Completed properties held for sale | 5,968,059 | 5,913,860 |
| Short-term bank deposits | 203,900 | 200,000 |
| Restricted cash | 840,386 | 832,582 |
| | 68,061,261 | 71,775,675 |

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

| | Unaudited 30 June 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|--|---|---|
| Group companies | | |
| – guaranteed and secured by the Group's assets | 44,023,660 | 52,292,555 |
| – guaranteed by the Company | 8,080,239 | 4,335,481 |
| | 52,103,899 | 56,628,036 |

(d) Loan from a related company

The amount due is unsecured, carrying interest rate at 12.0% (unaudited) (31 December 2019: 12.0% (audited)) per annum. The related company is controlled by a substantial shareholder of the Company.

(e) Loans from associates

As at 30 June 2019, the loans from associates are unsecured, carry interest rates at 12.0% per annum and repayable within one year.

21. OTHER PAYABLES

| | Unaudited 30 June 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|--|---|---|
| Other payables and accruals (note a) | 9,140,472 | 6,127,111 |
| Accrued interest | 813,066 | 778,910 |
| Accrued staff costs | 97,702 | 347,694 |
| Bills payables | 240,514 | 735,712 |
| Consideration payables related to acquisitions of subsidiaries | 109,066 | 231,810 |
| Consideration payables related to acquisitions of associate and joint ventures | 1,463,942 | 1,583,942 |
| Consideration payables related to acquisitions of financial assets at FVTPL | 687,454 | 687,454 |
| Deed tax and other taxes payables | 2,866,477 | 2,449,279 |
| Deposits received | 639,898 | 500,692 |
| Amounts due to associates (note b) | 1,075,006 | 2,087,243 |
| Amounts due to joint ventures (note b) | 10,217,590 | 11,011,816 |
| Amounts due to non-controlling interests of subsidiaries (note b) | 506,252 | 479,907 |
| | 27,857,439 | 27,021,570 |
| Less: non-current portion | | |
| Consideration payables related to acquisition of a subsidiary | (10,040) | (10,248) |
| | 27,847,399 | 27,011,322 |

Notes:

- (a) Other payables and accruals mainly included deposits received from construction companies, accrued operating expenses and advances from third parties for operations, amounts due to former shareholders in relation to newly acquired subsidiaries and amounts due to former subsidiaries in relation to disposals of subsidiaries in current period and prior years 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 2019: RMB1,200,000,000 (audited)] secured by non-interest bearing deposit of USD289,355,000 (approximately RMB1,960,203,000 (unaudited)) [31 December 2019: USD289,355,000 (approximately RMB1,960,203,000 (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.

22. DERIVATIVE FINANCIAL INSTRUMENTS

| | Unaudited 30 June 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|---|---|---|
| Embedded financial derivatives of convertible bonds | 21,670 | 82,807 |

A valuation on the embedded derivatives of the convertible bonds has been performed by an independent qualified valuer at 30 June 2020 and 31 December 2019, the binomial model is used in the valuation of the embedded financial derivatives. A fair value gain of RMB62,076,000 (Six months ended 30 June 2019: nil) was recognised in profit and loss for the six months ended 30 June 2020.

23. SHARE CAPITAL AND SHARE PREMIUM

| | 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 |
|---|---------------------------------|---|--|-----------------------------|------------------|
| Six months ended 30 June 2020 | | | | | |
| Balance as at 1 January 2020 (audited) | 6,086,866,697 | 608,686 | 534,844 | 5,546,561 | 6,081,405 |
| Issue of shares upon exercise of share options | 21,441,000 | 2,144 | 1,945 | 56,008 | 57,953 |
| 2019 final dividends declared (note 10) | - | - | - | (545,262) | (545,262) |
| Balance as at 30 June 2020 (unaudited) | 6,108,307,697 | 610,830 | 536,789 | 5,057,307 | 5,594,096 |
| Six months ended 30 June 2019 | | | | | |
| 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) |
| Balance as at 30 June 2019 (unaudited) | 6,080,907,697 | 608,090 | 534,314 | 5,710,319 | 6,244,633 |

Note: During the six months ended 30 June 2020, 21,441,000 (unaudited) (Six months ended 30 June 2019: 10,714,000 (unaudited)) shares were issued upon exercise of share options. Total proceeds were HK\$46,443,000 (equivalent to RMB41,905,000) (unaudited) (Six months ended 30 June 2019: HK\$17,710,000 (equivalent to RMB15,274,000) (unaudited)). The weighted average share price at the time of exercise was HK\$2.176 (unaudited) per share (Six months ended 30 June 2019: HK\$1.653 (unaudited) per share). The related transactions costs were deducted from the proceeds received.

24. RESERVES

| | Unaudited | | | | | | | Total RMB'000 |
|---|--|--------------------------------|--|---|---|------------------|---------------------------------|-------------------|
| | 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 RMB'000 | Retained earnings RMB'000 | |
| Balance as at 1 January 2020 (audited) | 382 | (8,018) | 1,064,810 | 473,945 | (491,584) | - | 18,595,407 | 19,634,942 |
| Profit for the period | - | - | - | - | - | - | 2,768,697 | 2,768,697 |
| Other comprehensive income for the period | - | 1,429 | - | - | - | - | - | 1,429 |
| Total comprehensive income for the period | - | 1,429 | - | - | - | - | 2,768,697 | 2,770,126 |
| Issue of shares upon exercise of share options | - | - | - | (16,048) | - | - | - | (16,048) |
| Share-based payments | - | - | - | 75,373 | - | - | - | 75,373 |
| Share options lapsed | - | - | - | (177,015) | - | - | 177,015 | - |
| Acquisition of additional interest in subsidiaries | - | - | - | - | 305,993 | - | - | 305,993 |
| Balance as at 30 June 2020 (unaudited) | 382 | (6,589) | 1,064,810 | 356,255 | (185,591) | - | 21,541,119 | 22,770,386 |
| 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 | - | - | - | 69,014 | - | - | - | 69,014 |
| Share options lapsed | - | - | - | (55,077) | - | - | 55,077 | - |
| Other | - | - | - | - | - | 43,713 | - | 43,713 |
| Balance as at 30 June 2019 (unaudited) | 382 | (6,968) | 965,546 | 425,382 | (491,584) | 43,713 | 16,918,480 | 17,854,951 |

24. RESERVES *(continued)*

Notes:

- (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 registered 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 31).
- (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.

25. FINANCIAL GUARANTEES CONTRACTS

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

| | Unaudited 30 June 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|---|---|---|
| Guarantees in respect of mortgage facilities for certain purchasers of the property units sold by the Group | 33,994,828 | 32,816,544 |

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.

26. COMMITMENTS

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

| | Unaudited 30 June 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|---|---|---|
| Contracted but not provided for | | |
| – Acquisitions/construction of property, plant and equipment | 126,190 | 69,257 |
| – Acquisitions of land use rights and property development activities | 31,069,983 | 34,429,933 |
| – Acquisitions of subsidiaries | 2,684,122 | 2,660,912 |
| – Acquisition of a joint venture | 560,000 | 560,000 |
| – Acquisition of an associate | – | 111,863 |
| | 34,440,295 | 37,831,965 |

26. COMMITMENTS *(continued)*

(b) Operating lease commitments

At the reporting date, the lease commitments for short-term leases and leases of low-value assets are as follows:

| | Unaudited 30 June 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|-------------------------|---|---|
| Not later than one year | 2,903 | 6,441 |

As at 30 June 2020, 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 and lease of low-value assets exemption under HKFRS 16.

(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 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|---|---|---|
| Within one year | 182,056 | 211,320 |
| After one year and within two years | 157,563 | 182,619 |
| After two years and within three years | 96,945 | 135,328 |
| After three years and within four years | 69,333 | 93,231 |
| After four years and within five years | 108,887 | 69,385 |
| After five years | 143,556 | 182,316 |
| | 758,340 | 874,199 |

The Group leases its investment properties (note 11) under operating lease arrangements which run for an initial period of one to twenty-one (unaudited) (31 December 2019: one to twenty-one (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.

27. ACQUISITIONS OF SUBSIDIARIES

(a) Acquisition of assets

During the six months ended 30 June 2020, the Group signed a cooperation agreement with an independent third party to acquire 100% equity interest in a company incorporated in the PRC, together with the shareholders' loans, at a cash consideration of RMB240,000,000. This company did not operate any business prior to the acquisition 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 property under development.

The consideration of this transaction was based on the fair value of the assets acquired.

The balances of identifiable assets and liabilities arising from this acquisition as at the acquisition date is as follows:

| | 2020 RMB'000 |
|---|-----------------|
| Property, plant and equipment (note 11) | 4,114 |
| Properties under development | 235,868 |
| Cash and bank balances | 18 |
| Other payables – shareholders' loans | (27,859) |
| Total identifiable net assets | 212,141 |
| Assignment of shareholders' loans to the Group | 27,859 |
| Identifiable net assets acquired | 240,000 |
| Total purchase consideration – Settled in cash during the period | 240,000 |
| Purchase consideration settled in cash | 240,000 |
| Cash and bank balances in a subsidiary acquired | (18) |
| Cash outflow on acquisition of a subsidiary | 239,982 |

27. ACQUISITIONS OF SUBSIDIARIES *(continued)*

(a) Acquisitions of assets *(continued)*

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 approximately 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 dates 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 dates 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) |
| | <hr/> |
| Total identifiable net assets | 183,194 |
| Less: non-controlling interests | (7,660) |
| | <hr/> |
| Identifiable net assets acquired | 175,534 |
| | <hr/> |
| Total purchase consideration | |
| – Settled in cash during the period | 154,534 |
| – Payable | 21,000 |
| | <hr/> |
| | 175,534 |
| | <hr/> |
| Purchase consideration settled in cash | 154,534 |
| Cash and bank balances in subsidiaries acquired | (684) |
| | <hr/> |
| Cash outflow on acquisition of subsidiaries | 153,850 |
| | <hr/> |

27. ACQUISITIONS OF SUBSIDIARIES *(continued)*

(b) Acquisitions of businesses

Acquisition of certain subsidiaries

During the six months ended 30 June 2020, the Group completed the additional acquisition of 91%, 50% equity interests and acquisition of 100% equity interest in certain companies incorporated in Hong Kong with the aggregate considerations of HK\$164,100,000 (equivalent to RMB148,590,000). The principal activities of these companies are the securities broking, the provision of margin and other financing, the provision of nominee and custodian services in Hong Kong, the provision of investment advisory, consultancy services and licensed under the Securities and Futures Ordinance, and money lender business in Hong Kong under the Money Lenders Ordinance. The directors of the Group were of the view that the acquisitions constitute acquisitions of businesses.

The Group accordingly remeasured the fair value of its pre-existing interest in these companies at the date of completion and recognised the resulting provisional loss of RMB10,615,000 on the remeasurement of the Group's pre-existing interest in these companies to acquisition date fair value.

Goodwill arose because the consideration paid included amounts in relation to the revenue growth and future market development of the business acquired. These benefits are not recognised separately from goodwill, because they do not meet the recognition criteria for identifiable intangible assets. Goodwill arising from the acquisition is not expected to be deductible for tax purpose.

Upon the completion of additional acquisition and acquisition, the Group is able to obtain the effective control over these companies, and these companies become subsidiaries of the Group.

The following table summaries the consideration paid for the acquisition, the aggregate provisional amounts of fair value of the assets acquired and liabilities assumed of these companies at the respective acquisition dates.

| | 2020 RMB'000 |
|---|-----------------|
| Debtors, deposits and other receivables | 175,308 |
| Cash and bank balances | 94,042 |
| Other payables | (131,971) |
| Identifiable net assets acquired | 137,379 |
| Assignment of shareholders' loan to the Group | 6,279 |
| Goodwill (note 16) | 14,691 |
| | 158,349 |
| Total purchase consideration | |
| – settled in cash during the period | 148,590 |
| – fair value of pre-existing interest | 9,759 |
| | 158,349 |
| Purchase consideration settled in cash | 148,590 |
| Cash and bank balances in subsidiaries acquired | (94,042) |
| Cash outflow on acquisition of subsidiaries | 54,548 |

The acquired companies contributed revenue of RMB2,874,000 and net profit of RMB12,800,000 to the Group for the period from the acquisition dates. If the acquisitions had occurred on 1 January 2020, the Group's consolidated revenue would have been increased by RMB18,294,000 and the consolidated profit for the period would have been increased by RMB3,986,000.

Note: As at 30 June 2020, the fair value of underlying assets has been determined in a provisional basis, awaiting the professional valuation.

27. ACQUISITIONS OF SUBSIDIARIES *(continued)*

(b) Acquisitions of businesses *(continued)*

Acquisition of Qinghai Pharmaceutical

During the six months ended 30 June 2019, the Group entered into an 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 a 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 provisional 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 16) | 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) |
| | <hr/> |
| Total identifiable net assets | 685,966 |
| Less: non-controlling interests | (309,782) |
| | <hr/> |
| Identifiable net assets acquired | 376,184 |
| Goodwill (note 16) | 205,474 |
| | <hr/> |
| Total purchase consideration | 581,658 |
| | <hr/> |
| Purchase consideration settled in cash | 581,658 |
| Cash and bank balances in the subsidiary acquired | (23,037) |
| | <hr/> |
| Cash outflow on acquisition of the subsidiary | 558,621 |
| | <hr/> |

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 acquisition 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.

27. ACQUISITIONS OF SUBSIDIARIES *(continued)*

(b) Acquisitions of businesses *(continued)*

During the six months ended 30 June 2019, the Group entered into an 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 acquisition constitutes acquisition of a 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 16) | 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) |
| | <hr/> |
| Total identifiable net assets | 29,333 |
| Less: non-controlling interests | (11,733) |
| | <hr/> |
| Identifiable net assets acquired | 17,600 |
| Goodwill (note 16) | 18,980 |
| | <hr/> |
| Total purchase consideration | 36,580 |
| | <hr/> |
| Purchase consideration settled in cash | 36,580 |
| Cash and bank balances in subsidiaries acquired | (16,896) |
| | <hr/> |
| Cash outflow on acquisition of subsidiaries | 19,684 |
| | <hr/> |

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.

27. ACQUISITIONS OF SUBSIDIARIES *(continued)*

(c) Acquisitions of additional interests in subsidiaries

During the six months ended 30 June 2020, the Group entered into capital injection agreements with existing business parties to further acquire 12% equity interest in an associate at RMB39,239,000 and 50% equity interest in a joint venture at RMB8,000,000.

The Group's effective equity interest in these companies then increased from 39% to 51% and 50% to 90% respectively. Upon the capital injection, the Group is able to obtain the effective control over these companies, and these companies become subsidiaries of the Group.

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

The carrying value and fair value of the Group's pre-existing interests in these subsidiaries at the acquisition dates are approximately RMB337,554,000 and RMB21,163,000 respectively. The provisional losses on additional acquisitions of these subsidiaries is RMB358,717,000.

Details of the provisional aggregate fair values of the identifiable assets and liabilities of these subsidiaries as at the date of acquisition are as follows:

| | 2020 RMB'000 |
|---|-----------------|
| Property, plant and equipment (note 11) | 126 |
| Intangible assets (note 16) | 1,705 |
| Properties under development | 3,017,509 |
| Debtors, deposits and other receivables | 1,133,789 |
| Prepaid tax | 47,492 |
| Cash and bank balances | 257,293 |
| Contract liabilities | (3,723,699) |
| Accrued construction costs | (112,466) |
| Other payables | (333,508) |
| Borrowings | (284,613) |
| Total identifiable net assets at fair value | 3,628 |
| Non-controlling interests | 22,448 |
| Net assets acquired through capital injection | 26,076 |
| Capital injection | 47,239 |
| Cash and bank balances in subsidiaries acquired through capital injection | (257,293) |
| Net cash inflow on acquisition of subsidiaries through capital injection | (210,054) |

Note: As at 30 June 2020, the fair value of underlying assets has been determined on a provisional basis, awaiting the professional valuation.

27. ACQUISITIONS OF SUBSIDIARIES *(continued)*

(c) Acquisition of additional interests in subsidiaries *(continued)*

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 | 4,457,216 |
| Completed properties held for sale | 5,145,066 |
| Debtors, deposits and other receivables | 812,560 |
| Prepaid tax | 139,290 |
| Cash and bank balances | 677,823 |
| Contract liabilities | (6,738,579) |
| Accrued construction costs | (1,169,256) |
| Other payables | (1,689,368) |
| Borrowings | (1,099,400) |
| | <hr/> |
| Total identifiable net assets at fair value | 535,625 |
| Less: non-controlling interests | (211,505) |
| | <hr/> |
| Net assets acquired through capital injection | 324,120 |
| | <hr/> |
| Capital injection | 324,120 |
| Cash and bank balances in subsidiaries acquired through capital injection | (677,823) |
| | <hr/> |
| Net cash inflow on acquisitions of subsidiaries through capital injection | (353,703) |
| | <hr/> |

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

28. DISPOSALS OF SUBSIDIARIES

During the six months ended 30 June 2020, the Group entered into agreements with certain independent third parties to dispose all the interests in certain subsidiaries. These subsidiaries were engaged in property development, hotel and catering operations, and cinema, department store operations.

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

| | 2020 RMB'000 |
|---|-----------------|
| Net liabilities disposed of: | |
| Property, plant and equipment (note 11) | 479,108 |
| Right-of-use assets | 89,116 |
| Investments in associates (note 13(a)) | 100,000 |
| Land use rights (note 11) | 52,236 |
| Properties under development | 556,163 |
| Completed properties held for sale | 233,801 |
| Debtors, deposits and other receivables | 1,355,889 |
| Inventories | 11,102 |
| Prepaid tax | 3,443 |
| Cash and bank balances | 32,322 |
| Contract liabilities | (12,025) |
| Accrued construction costs | (520,208) |
| Other payables | (2,286,248) |
| Borrowings | (487,299) |
| Lease liabilities | (88,986) |
| | (481,586) |
| Non-controlling interests | 1,747 |
| Net liabilities disposed of | (479,839) |
| Gains on disposals of subsidiaries (note 6) | 793,202 |
| Cash consideration satisfied by cash | 313,363 |
| Cash consideration | 313,363 |
| Cash and bank balances in subsidiaries disposed of | (32,322) |
| Net cash inflow in respect of disposals of subsidiaries | 281,041 |

29. DEEMED DISPOSALS OF SUBSIDIARIES

During the six months ended 30 June 2020, the Group entered into capital injection agreements with a number of independent third parties for the capital injection in certain subsidiaries. Upon the capital injection, the Group's equity interests in certain subsidiaries have been diluted from 100% to ranged from 34% to 70%. These subsidiaries were engaged in investment holding, catering, 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 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 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:

| | 2020 RMB'000 |
|--|-----------------|
| Net assets disposed of: | |
| Property, plant and equipment (note 11) | 10,728 |
| Right-of-use assets | 44,855 |
| Properties under development | 1,564,592 |
| Completed properties held for sale | 20,125 |
| Inventory | 3,543 |
| Prepayments for proposed development projects | 27 |
| Debtors, deposits and other receivables | 3,276,759 |
| Prepaid tax | 2,527 |
| Financial assets at FVTPL (note 3.5 and 14) | 3,000 |
| Cash and bank balances | 54,580 |
| Contract liabilities | (662,209) |
| Accrued construction costs | (884,146) |
| Income tax payable | (202) |
| Borrowings | (795,236) |
| Other payables | (2,309,669) |
| Lease liabilities | (46,016) |
| | 283,258 |
| Non-controlling interests | (26,112) |
| | 257,146 |
| Net assets disposed of | 325,873 |
| Provisional gains on disposals of subsidiaries, net | 583,019 |
| | 583,019 |
| Satisfied by: | |
| Fair values of the equity interests in joint ventures (note 13(b)) | 583,019 |
| | 583,019 |
| Net cash outflow arising on deemed disposals: | |
| Cash and bank balances disposal of | (54,580) |

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 2020, 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.

29. DEEMED DISPOSALS OF SUBSIDIARIES *(continued)*

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 in 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 or 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 and 14) | 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 |
| Provisional gains 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 disposals: | |
| Cash and bank balances disposal of | (419,068) |

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.

30. TRANSACTION WITH NON-CONTROLLING INTERESTS

In January 2020, the Group acquired additional 35% of the issued shares of a subsidiary in an aggregate consideration approximately amounted to RMB7,716,000. Immediately prior to the acquisition, the carrying amount of the existing non-controlling interest was approximately RMB8,510,000. The Group recognised a decrease in non-controlling interest of RMB8,510,000 and a decrease in equity attributable to owners of the parents of RMB794,000.

31. SHARE OPTION

(a) Share Option Scheme of the Company

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 of the Company are as follows:

| | 2020 | | 2019 | |
|------------------------------------|---|--------------|---|--------------|
| | Weighted average exercise price in HK\$ per share | Number | Weighted average exercise price in HK\$ per share | Number |
| At 1 January (audited) | 3.464 | 435,053,000 | 3.478 | 516,756,000 |
| Granted during the period | - | - | 3.243 | 51,700,000 |
| Exercised during the period | 2.176 | (21,441,000) | 1.653 | (10,714,000) |
| Cancelled/lapsed during the period | 4.564 | (94,800,000) | 3.421 | (82,530,000) |
| At 30 June (unaudited) | 3.224 | 318,812,000 | 3.503 | 475,212,000 |

As at 30 June 2020, 168,812,000 (unaudited) (30 June 2019: 157,612,000 (unaudited)) outstanding options granted under the Share Option Scheme were exercisable (note).

31. SHARE OPTION *(continued)*

(a) Share Option Scheme of the Company *(continued)*

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

| Exercise period | Vesting period | Exercise price per share HK\$ | Number of share options | |
|-----------------------|-----------------------|-------------------------------------|-------------------------|--------------------|
| | | | 30 June 2020 | 30 June 2019 |
| 10/6/2010-24/4/2022 | 9/12/2009-9/6/2010 | 3.105 | 5,250,000 | 5,350,000 |
| 30/3/2011-24/4/2022 | 9/12/2009-29/3/2011 | 3.105 | 7,650,000 | 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 |
| 23/7/2012-22/7/2020 | 23/7/2012-22/7/2013 | 2.000 | - | 2,700,000 |
| 23/7/2013-22/7/2020 | 23/7/2013-22/7/2014 | 2.000 | - | 2,900,000 |
| 23/7/2014-22/7/2020 | 23/7/2014-22/7/2015 | 2.000 | 2,500,000 | 3,640,000 |
| 23/7/2015-22/7/2020 | 23/7/2015-22/7/2016 | 2.000 | 3,999,000 | 7,937,000 |
| 6/6/2013-5/6/2022 | 6/6/2013-5/6/2014 | 1.500 | 3,686,000 | 3,784,000 |
| 6/6/2014-5/6/2022 | 6/6/2014-5/6/2015 | 1.500 | 3,758,000 | 4,075,000 |
| 6/6/2015-5/6/2022 | 6/6/2015-5/6/2016 | 1.500 | 9,464,000 | 12,100,000 |
| 6/6/2016-5/6/2022 | 6/6/2016-5/6/2017 | 1.500 | 10,181,000 | 13,042,000 |
| 6/6/2017-5/6/2022 | 6/6/2017-5/6/2018 | 1.500 | 10,624,000 | 13,580,000 |
| 19/7/2018-18/7/2027 | 19/7/2018-18/7/2019 | 3.550 | 46,700,000 | 50,854,000 |
| 19/7/2019-18/7/2027 | 19/7/2019-18/7/2020 | 3.550 | 48,100,000 | 50,200,000 |
| 19/7/2020-18/7/2027 | 19/7/2020-18/7/2021 | 3.550 | 42,800,000 | 50,200,000 |
| 19/7/2021-18/7/2027 | 19/7/2021-18/7/2022 | 3.550 | 73,600,000 | 100,400,000 |
| 22/9/2018-21/9/2027 | 22/9/2018-21/9/2019 | 6.660 | - | 4,000,000 |
| 22/9/2019-21/9/2027 | 22/9/2019-21/9/2020 | 6.660 | - | 4,000,000 |
| 22/9/2020-21/9/2027 | 22/9/2020-21/9/2021 | 6.660 | - | 4,000,000 |
| 22/9/2021-21/9/2027 | 22/9/2021-21/9/2022 | 6.660 | - | 8,000,000 |
| 29/11/2018-28/11/2027 | 29/11/2018-28/11/2019 | 4.370 | - | 5,600,000 |
| 29/11/2019-28/11/2027 | 29/11/2019-28/11/2020 | 4.370 | - | 5,600,000 |
| 29/11/2020-28/11/2027 | 29/11/2020-28/11/2021 | 4.370 | - | 5,600,000 |
| 29/11/2021-28/11/2027 | 29/11/2021-28/11/2022 | 4.370 | - | 11,200,000 |
| 11/6/2019-10/6/2028 | 11/6/2019-10/6/2020 | 4.370 | - | 8,600,000 |
| 11/6/2020-10/6/2028 | 11/6/2020-10/6/2021 | 4.370 | - | 8,600,000 |
| 11/6/2021-10/6/2028 | 11/6/2021-10/6/2022 | 4.370 | - | 8,600,000 |
| 11/6/2022-10/6/2028 | 11/6/2022-10/6/2023 | 4.370 | - | 17,200,000 |
| 24/1/2020-23/1/2029 | 24/1/2020-23/1/2021 | 2.380 | 2,000,000 | 2,000,000 |
| 24/1/2021-23/1/2029 | 24/1/2021-23/1/2022 | 2.380 | 2,000,000 | 2,000,000 |
| 24/1/2022-23/1/2029 | 24/1/2022-23/1/2023 | 2.380 | 2,000,000 | 2,000,000 |
| 24/1/2023-23/1/2029 | 24/1/2023-23/1/2024 | 2.380 | 4,000,000 | 4,000,000 |
| 12/4/2020-11/4/2029 | 12/4/2020-11/4/2021 | 3.700 | 6,400,000 | 6,800,000 |
| 12/4/2021-11/4/2029 | 12/4/2021-11/4/2022 | 3.700 | 6,400,000 | 6,800,000 |
| 12/4/2022-11/4/2029 | 12/4/2022-11/4/2023 | 3.700 | 6,400,000 | 6,800,000 |
| 12/4/2023-11/4/2029 | 12/4/2023-11/4/2024 | 3.700 | 12,800,000 | 13,600,000 |
| | | | 318,812,000 | 475,212,000 |

31. SHARE OPTION *(continued)*

(a) Share Option Scheme of the Company *(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. The closing price of the shares immediately before the date of grant was HK\$1.60.

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. The closing price of the shares immediately before the date of grant was HK\$1.36.

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 closing price of the shares immediately before the date of grant was HK\$3.27. 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. The closing price of the shares immediately before the dates of grant were HK\$6.30 and HK\$4.18 respectively.

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. The closing price of the shares immediately before the date of grant was HK\$4.31.

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 closing price of the shares immediately before the date of grant was HK\$3.23. 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. The closing price of the shares immediately before the date of grant was HK\$3.68.

| | July 2010 Grant | June 2012 Grant | July 2017 Grant | September 2017 Grant | November 2017 Grant | June 2018 Grant | January 2019 Grant | April 2019 Grant |
|---|-----------------------|-----------------------|-----------------------|----------------------------|---------------------------|-----------------------|--------------------------|------------------------|
| Fair value under binomial model (HK'000) | 142,362 | 198,688 | 543,168 | 68,887 | 61,987 | 77,023 | 17,677 | 51,857 |
| Closing share price at grant date (HK\$) | 1.71 | 1.39 | 3.55 | 6.66 | 4.26 | 4.35 | 3.69 | 2.37 |
| Exercise price (HK\$) | 2.00 | 1.50 | 3.55 | 6.66 | 4.37 | 4.37 | 3.70 | 2.38 |
| Annual risk free interest rate | 2.29% | 1.04% | 2.05% | 2.01% | 2.23% | 2.93% | 2.49% | 2.26% |
| Expected volatility | 40% | 44% | 42% | 43% | 44% | 44% | 45% | 46% |
| Expected option life | 10 years | 10 years | 10 years | 10 years | 10 years | 10 years | 10 years | 10 years |
| Expected divided yield | Nil | Nil | Nil | Nil | Nil | 2.5% | 2.5% | 2.5% |

31. SHARE OPTION *(continued)*

(a) Share Option Scheme of the Company *(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 RMB75,373,000 (unaudited) (Six months ended 30 June 2019: RMB69,014,000 (unaudited)) during the six months ended 30 June 2020.

(b) Share Option Scheme of Kaisa Prosperity Holdings Limited ("Kaisa Prosperity")

Kaisa Prosperity, a non-wholly owned subsidiary of the Company, operates a share option scheme (the "Kaisa Prosperity's Scheme"). The Kaisa Prosperity's Scheme was adopted pursuant to the shareholders' resolution passed on 18 June 2019. Pursuant to the terms of the share option scheme, Kaisa Prosperity may grant options at its discretion, to any eligible person (including directors, employees, officers of any member of Kaisa Prosperity and its subsidiaries, advisers, consultants, suppliers, agents and customers of any members of the Kaisa Prosperity). The maximum number of shares which may be issued upon exercise of all options granted and yet to be exercised under the Kaisa Prosperity's Scheme or any other Kaisa Prosperity's Schemes adopted by Kaisa Prosperity must not exceed 30% of the Kaisa Prosperity's shares in issue from time to time.

No options may be granted under the Kaisa Prosperity's Scheme after 10 years since the adoption. The vesting periods, exercise periods and vesting conditions may be specified by Kaisa Prosperity 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 Kaisa Prosperity's Scheme shall be no less than the highest of (i) the official closing price of Kaisa Prosperity'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 Kaisa Prosperity'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; (iii) the nominal value of a share of Kaisa Prosperity.

Details of the movement of the share options under Kaisa Prosperity Scheme are as follows:

| | Weighted average exercise price in HK\$ per share | Number |
|---------------------------------------|---|-------------------|
| As at 1 January 2020 (audited) | 15.7 | 11,450,000 |
| Forfeited during the period | 15.7 | (550,000) |
| As at 30 June 2020 (unaudited) | 15.7 | 10,900,000 |

31. SHARE OPTION *(continued)*

(b) Share Option Scheme of Kaisa Prosperity Holdings Limited (“Kaisa Prosperity”) *(continued)*

On 19 July 2019, Kaisa Prosperity offered to grant to the directors of Kaisa Prosperity and certain employees of Kaisa Prosperity and its subsidiaries (the “July 2019 Grant”) of 2,750,000 and 8,700,000 share options respectively, of HK\$0.1 each in the capital of Kaisa Prosperity.

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

| | July 2019 Grant |
|-----------------------------------|-----------------|
| Fair value under binomial model | HK\$84,805,000 |
| Closing share price at grant date | HK\$15.7 |
| Exercise price | HK\$15.7 |
| Annual risk free interest rate | 1.87% |
| Expected volatility | 50.86% |
| Expected option life | 10 years |
| Expected dividend yield | 1.15% |

Expected volatility was determined by using the historical volatility of Kaisa Prosperity’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. Expected dividend yield are based on historical data.

As at 30 June 2020, none of the outstanding options granted under the share option scheme were exercisable (30 June 2019: nil).

Note:

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

| Exercise period | Exercise price per share HK\$ | Number of share options as at 30 June 2020 |
|-----------------------|-------------------------------|--|
| 19/7/2020 – 18/7/2029 | 15.70 | 2,180,000 |
| 19/7/2021 – 18/7/2029 | 15.70 | 2,180,000 |
| 19/7/2022 – 18/7/2029 | 15.70 | 2,180,000 |
| 19/7/2023 – 18/7/2029 | 15.70 | 4,360,000 |
| | | <u>10,900,000</u> |

31. SHARE OPTION *(continued)*

(c) Share Option Scheme of Kaisa Health Group Holdings Limited (“Kaisa Health Group”)

Kaisa Health Group approved and adopted a share option scheme for eligible participant which includes any full-time or part-time employees, potential employees, executives or officers (including executive, non-executive and independent non-executive directors) of Kaisa Health Group or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the sole opinion of the board of directors, will contribute or has contributed to Kaisa Health Group and/or any of its subsidiaries.

Details of specific categories of options are as follows:

| Option type | Date of grant | Vesting period | Exercisable period | Exercise price |
|-------------|------------------|-----------------------|-----------------------|----------------|
| 2015A | 16/6/2015 | 16/6/2015 – 15/6/2019 | 16/6/2016 – 15/6/2020 | HK\$0.784 |
| 2015B | 24/7/2015 (note) | 16/6/2015 – 15/6/2019 | 16/6/2016 – 15/6/2020 | HK\$0.784 |
| 2016 | 12/9/2016 | 12/9/2016 – 15/6/2019 | 12/9/2017 – 11/9/2022 | HK\$0.400 |

Note: Share options subject to approval of independent shareholders was proposed and granted by board of directors of Kaisa Health Group on 16 June 2015. The approval was subsequently obtained on 24 July 2015 which was the date of grant as defined in accordance with HKFRS 2.

31. SHARE OPTION *(continued)*

(c) Share Option Scheme of Kaisa Health Group Holdings Limited (“Kaisa Health Group”) *(continued)*

A summary of the movements of the number of share options under the Kaisa Health Group’s Scheme during the period for the six months ended 30 June 2020 and 2019 is as follows:

| Type of participant | Option type | Outstanding at 1 January 2020 (Audited) | Forfeited during the period (Unaudited) | Outstanding at 30 June 2020 (Unaudited) | Outstanding at 1 January 2019 (Audited) | Forfeited during the period (Unaudited) | Outstanding at 30 June 2019 (Unaudited) |
|--------------------------------------|-------------|---|---|---|---|---|---|
| Mr. Wu Tianyu | 2015B | 74,070,000 | (74,070,000) | - | 74,070,000 | - | 74,070,000 |
| Ms. Jiang Sisi | 2015B | 74,070,000 | (74,070,000) | - | 74,070,000 | - | 74,070,000 |
| Mr. Wu Tianyu | 2016 | 38,000,000 | - | 38,000,000 | 38,000,000 | - | 38,000,000 |
| Ms. Jiang Sisi | 2016 | 38,000,000 | - | 38,000,000 | 38,000,000 | - | 38,000,000 |
| Ms. Wu Ansheng (note) | 2016 | 8,000,000 | - | 8,000,000 | 8,000,000 | - | 8,000,000 |
| Employees | 2015A | 3,000,000 | (3,000,000) | - | 3,800,000 | (500,000) | 3,300,000 |
| Employees | 2016 | 20,000,000 | (6,200,000) | 13,800,000 | 23,500,000 | - | 23,500,000 |
| Consultants | 2015A | 4,000,000 | (4,000,000) | - | 4,000,000 | - | 4,000,000 |
| | | 259,140,000 | (161,340,000) | 97,800,000 | 263,440,000 | (500,000) | 262,940,000 |
| Exercisable at the end of the period | | 234,640,000 | | 73,350,000 | 177,055,000 | | 215,840,000 |
| Weighted average exercise price | | HK\$0.630 | HK\$0.769 | HK\$0.400 | HK\$0.627 | HK\$0.471 | HK\$0.628 |

Note: Ms. Wu Ansheng is the general manager and sales director of a subsidiary of Kaisa Health Group and a sister of Mr. Wu.

In the opinion of the directors, the fair value of the services received from consultants cannot be estimated reliably, the equity-settled share-based payment transactions with consultants are measured at the fair value of the equity instruments granted.

32. 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 Limited* (“深圳市富德資源投資有限公司”)

Associates

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”)
Guan Kongqueting Real Estate Development Co., Ltd.* (“固安孔雀亭房地產開發有限公司”)
Kaisa United Assets Management (Beijing) Co., Ltd.* (“佳兆業聯合資產管理（北京）有限公司”)
Shenzhen Qianhai Gold – Earth Wealth Management Co., Ltd.* (“深圳前海金土財富管理有限公司”)
Guangdong Kaisa Property Development Co., Ltd.* (“廣東佳兆業房地產開發有限公司”) and its subsidiaries
Shenzhen Longcheng Plaza Property 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 Services 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”)
Shenzhen Tianjia Industrial Development Co., Ltd.* (“深圳市天佳實業發展有限公司”)
Ezhou 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”)
Southern Shuanglin Bio-pharmacy Co., Ltd.* [formerly known as Zhenxing Biopharmaceutical Co., Ltd.*] (“南方雙林生物製藥股份有限公司”前稱“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* (“佳兆業聯合金融集團控股有限公司”)
Shenzhen State Free Pengxing Tax Free Commodity Company Ltd.* (“深圳市國免鵬星免稅商品有限公司”)
Dachang Hui Autonomous Country Jiatong Real Estate Development Co., Ltd.* (“大廠回族自治縣佳通房地產開發有限公司”)
Shenzhen Kaisa Sanshun Industrial Development Co., Ltd.* (“深圳市佳兆業三順實業發展有限公司”)
Zhuhai Jiatianhong Property Development Co., Ltd.* (“珠海市佳天宏房地產開發有限公司”)
Shenzhen Kaitai Urban Renewal Co., Ltd.* (“深圳市佳泰佳兆業城市更新有限公司”)
Guangdong Meisi Real Estate Company Ltd.* (“廣東美思置業有限公司”)
Shenzhen City Jingjia Urban Renewal Co., Ltd.* (“深圳市景佳城市更新有限公司”)
Hainan Free-Trade Zone Xiangruiyuan Real Estate Development Co., Ltd.* (“海南自貿區香瑞園房地產開發有限公司”) and its subsidiary
Hainan Hongan Co., Ltd.* (“海南弘安實業有限公司”)

32. RELATED PARTY TRANSACTIONS *(continued)*

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

Joint ventures

Guangzhou Nantian Company Limited* (“廣州南天商業大廣場建設發展有限公司”)
Huizhou City Kaileju Company Limited* (“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 Limited* (“深圳力高宏業地產開發有限公司”)
Shenzhen Jiademeihuan Traveling Development Co., Limited* (“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”)
Shenzhen Tiandi Tongchang Investment Development Co., Ltd.* (“深圳市天地同昌投資發展有限公司”)
Shenzhen Longhua Kaisa Property Development Company Limited* (“深圳市龍華佳兆業置業發展有限公司”)
Shenzhen Gongming Kaisa Property Development Company Limited* (“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”) and its subsidiaries
Zhongqing Xinzhaixin Co., Ltd.* (“重慶新兆鑫實業有限公司”)
Shenzhen Kaisa Zhiyuan Technology Co., Ltd.* (“深圳市佳兆業致遠科技有限公司”) and its subsidiary
Nanjing Jiaqi Real Estate Development Co., Ltd.* (“南京佳期房地產開發有限公司”)
Hunan Mingtai Zhiye Development Company Ltd.* (“湖南明泰置業發展有限公司”) and its subsidiary
Zhongshan FuKong Real Estate Development Company Limited* (“中山富港房地產開發有限公司”) and
its subsidiary
Shenzhen Kaisa Zhiyuan Consulting Management Co., Ltd.* (“深圳市佳兆業致遠投資諮詢有限公司”) and
its subsidiaries
Dongguan Kaisa Industrial Development Co., Ltd.* (“東莞佳兆業實業有限公司”)
Hangzhou Yijia Property Co., Ltd.* (“杭州億佳置業有限公司”) and its subsidiaries
Henan Kaisa Real Estate Development Company Limited* (“河南省佳兆業房地產開發有限公司”) and
its subsidiaries

32. RELATED PARTY TRANSACTIONS *(continued)*

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

Joint ventures *(continued)*

Nanjing Kaisa Jiayu Real Estate Development Company Limited* (“南京佳兆業佳御房地產開發有限公司”)
Kaisa Technology Industrial (Shenzhen) Co., Ltd.* (“佳兆業科技產業(深圳)有限公司”) and its subsidiaries
Kaisa Property (Shanghai) Co. Ltd.* (“佳兆業地產(上海)有限公司”) and its subsidiaries
Wuhan Kaisa Logistic Co., Ltd.* (“武漢市佳兆業物流有限公司”) and its subsidiaries
Taoyuan Construction (Shenzhen) Co., Ltd.* (“桃源建設(深圳)有限公司”) and its subsidiaries
Chongqing Jiaye Xing Industrial Co., Ltd.* (“重慶興佳業實業有限公司”) and its subsidiary
Changshan Kaisa Logistic Co., Ltd.* (“長沙市佳兆業物流有限公司”) and its subsidiaries
Anshan Kaisa Business Management Co., Ltd.* (“鞍山佳兆業商業管理有限公司”)
Kaisa Wewa Technology (Shenzhen) Limited Liabilities Co., Ltd.* (“佳兆業創享域科技(深圳)有限責任公司”)
and its subsidiaries
Huizhou Kaisa Property Development Co., Ltd.* (“惠州市佳兆業房地產開發有限公司”) and its subsidiaries
Shenzhen Qixiang Kaisa Industrial Development Co., Ltd.* (“深圳市祺祥佳兆業實業發展有限公司”)
Kaisa Guo Cheng Management Consulting (Shenzhen) Co., Ltd.* (“佳兆業國承置業(深圳)有限公司”)
Shenzhen Nanshan Kaisa Zhiye Property Development Co., Ltd.* (“深圳市南山佳兆業置業發展有限公司”)
Shenzhen Number 1 Logistic Co., Ltd.* (“深圳一號倉物流園有限公司”)
Shenzhen Bright Zhiyuan Industrial Development Co., Ltd.* (“深圳市明光致遠實業發展有限公司”)
Shenzhen Futian Kaisa Investment Consulting Co., Ltd.* (“深圳市福田佳兆業投資諮詢有限公司”)
Liaoning Huili Property Development Co., Ltd.* (“遼寧匯利房地產開發有限公司”)
Shenzhen Jaimeixuan Catering Co., Ltd.* (“深圳嘉美軒餐飲有限公司”)
Zhongshan Taying Real Estate Development Co., Ltd.* (“中山市泰盈房地產開發有限公司”) and
its subsidiaries
Shanghai Hengwan Zhaoye Real Estate Development Co., Ltd.* (“上海恒灣兆業置業發展有限公司”) and
its subsidiary
Zhuhai Jiexiang Junhui Enterprise Management Co., Ltd.* (“珠海市佳兆業君匯企業管理有限公司”) and
its subsidiaries
Chongqing Yasheng Industry Co., Ltd.* (“重慶渝盛業實業有限公司”) and its subsidiary
Anhui Jiachuang Real Estate Development Co., Ltd.* (“安徽佳創房地產開發有限公司”)
Anhui Zhaoan Enterprise Consulting Co., Ltd.* (“安徽兆安企業管理諮詢有限公司”)
Changshan Jiaxin Property Development Co., Ltd.* (“沙市佳鑫房地產開發有限公司”) and its subsidiary
Hangzhou Gejun Real Estate Co., Ltd.* (“杭州格駿置業有限公司”) and its subsidiaries
Foshan Fujia Real Estate Development Co., Ltd.* (“佛山市佛佳房地產開發有限公司”)
Foshan Jiahang Property Development Co., Ltd.* (“佛山市佳航房地產開發有限公司”)
Dongguan Woodland Height Property Development Co., Ltd.* (“東莞桂芳園房地產開發有限公司”)
Chengdu Jialu Property Development Co., Ltd.* (“成都佳麓房地產開發有限公司”)
Yunnan Jiahong Property Development Co., Ltd.* (“雲南佳鴻房地產開發有限公司”) and its subsidiary
Pengpai Zhiye (Shenzhen) Company Limited* (“澎湃置業(深圳)有限公司”) and its subsidiary

* 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.

32. 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 | |
| | 2020 | 2019 |
| | RMB'000 | RMB'000 |
| Directors' fees | 408 | 383 |
| Salaries and other short-term employee benefits | 61,805 | 77,953 |
| Discretionary bonuses | 1,089 | 2,125 |
| Retirement scheme contributions | 73 | 541 |
| Share-based payments | 18,281 | 33,445 |
| | 81,656 | 114,447 |

(c) Related party transactions

| | Unaudited | |
|---|--------------------------|---------|
| | Six months ended 30 June | |
| | 2020 | 2019 |
| | RMB'000 | RMB'000 |
| Interest income received from an associate (note (iii)) | 1,848 | 3,337 |
| Interest expense paid to associates (note (iii)) | – | 8,126 |
| Purchase consideration paid to a director for further acquisition of a subsidiary (note (iv)) | 124,837 | – |
| Rental expenses paid to a controlling shareholder (note (ii)) | 1,034 | 1,034 |
| Rental expenses paid to a joint venture | 220 | – |
| Rental income received from joint ventures | 3,642 | – |
| Rental income received from an associate | 545 | – |
| Management fees received from joint ventures | 1,790 | – |
| Advisory fees received from an associate | 887 | – |
| Advisory fees received from joint ventures | 54,436 | – |
| Financial advisory fees paid to an associate | – | 10,202 |
| Stylistic income received from an associate | 4,245 | – |
| Service income received from joint ventures | 24,804 | – |
| Service income received from an associate | 29 | – |
| Staff cost paid to joint ventures | 420 | – |
| Other selling expense paid to a joint venture | 445 | – |
| Other revenue received from an associate | 159 | 76,419 |
| Other revenue received from a joint venture | 173 | 5,772 |

32. RELATED PARTY TRANSACTIONS *(continued)*

(c) Related party transactions *(continued)*

Notes:

- (i) This represents payment of rental expenses 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.
- (ii) The interest income was charged at interest rate of 12.0% (six months ended 30 June 2019: 12.0%) per annum on amount due from an associate.
- (iii) For the six months ended 30 June 2019, interest expense was charged at interest rate ranging from 9.5% to 14.0% per annum on the loans from associates.
- (iv) During the six months ended 30 June 2020, the Group acquired 91% equity interest in a subsidiary from the family members of a director, Mr. Kwok Ying Shing.

(d) Balances with related parties

| | Unaudited 30 June 2020 RMB'000 | Audited 31 December 2019 RMB'000 |
|--|---|---|
| Loans from associates (note 20(e)) | – | (5,000) |
| Loan from a related company (note 20(d)) | (108,781) | (108,781) |
| Other revenue receivable from associates – included in trade receivables | 23,792 | 59,766 |
| Other revenue receivable from joint ventures – included in trade receivables | 127,539 | 29,499 |
| Amounts due from associates (note 15) | 1,882,516 | 4,043,116 |
| Amounts due from joint ventures (note 15) | 11,288,368 | 7,292,123 |
| Amounts due to associates (note 21) | (1,075,006) | (2,087,243) |
| Amounts due to joint ventures (note 21) | (10,217,590) | (11,011,816) |
| Interest payable to a related company – included in accrued interest in other payables | (235,535) | (235,535) |

33. EVENTS AFTER REPORTING PERIOD

On 8 July 2020, the Company issued (i) 9.75% senior notes due 2023 with a principal amount of US\$400,000,000 (equivalent to approximately RMB2,831,800,000) at 99.266% of the face value and (ii) 11.25% senior notes due 2025 with a principal amount of US\$300,000,000 (equivalent to approximately RMB2,123,850,000) at 99.266% of the face value. The New 2023 Notes and New 2025 Notes are interest-bearing at 9.75% and 11.25% per annum respectively which are payable semi-annually in arrears. The maturity dates of the New 2023 Notes and New 2025 Notes are 28 September 2023 and 16 April 2025 respectively.

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 2020, 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, and the independent non-executive Directors of the Company, Mr. ZHANG Yizhao and Mr. LIU Xuesheng were unable to attend the annual general meeting of the Company held on 15 June 2020.

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 2020. In addition, the independent auditors of the Company, Grant Thornton Hong Kong Limited, has reviewed the unaudited interim results for the six months ended 30 June 2020 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.

CHANGES IN INFORMATION OF DIRECTORS

On 8 April 2020, Mr. Li Haiming, an executive Director, was appointed as an executive director of Kaisa Prosperity Holdings Limited (a company listed on the Stock Exchange, stock code: 2168).

On 9 April 2020, Mr. Kwok Ying Shing, the Chairman and an executive Director, resigned as the Chairman of Kaisa Health Group Holdings Limited (a company listed on the Stock Exchange, stock code: 876) but remains as an executive director.

On 29 April 2020, Mr. Rao Yong, an independent non-executive Director, was appointed as an independent non-executive director of Maoye International Holdings Limited (a company listed on the Stock Exchange, stock code: 848).

Save as disclosed above, no changes of information of Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the annual report of the Company for the year ended 31 December 2019.

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 2020.

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

Save as disclosed above, during the six months ended 30 June 2020, 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 2020 (30 June 2019: 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 2020 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 4 December 2020.

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 Wednesday, 2 December 2020 to Friday, 4 December 2020, 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 Tuesday, 1 December 2020.