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The Company does not intend to make any public offering of securities in the United States. None of the Notes will be offered to the public in Hong Kong and none of the Notes will be placed to any connected persons of the Company.



LONGFOR GROUP HOLDINGS LIMITED

龍湖集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 960)

PROPOSED ISSUANCE OF SENIOR NOTES AND UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2019

The Company proposes to conduct an international offering of senior notes. The completion of the Proposed Notes Issue is subject to, among other things, market conditions and investors' interest. The pricing of the Notes, including the aggregate principal amount, the Offer Price and interest rates, will be determined through a book building exercise conducted by Citigroup, Goldman Sachs, Haitong International, HSBC and Morgan Stanley as joint global coordinators, joint bookrunners and joint lead managers and Barclays and China International Capital Corporation as joint bookrunners and joint lead managers.

Upon finalization of the terms of the Notes, Citigroup, Goldman Sachs, Haitong International, HSBC, Morgan Stanley, Barclays and China International Capital Corporation and the Company, will enter into the Purchase Agreement and other ancillary documents. The Company expects that the proceeds from this Proposed Notes Issue will be used for refinancing and corporate purposes, in accordance with the terms of registration that the Company obtained from the PRC National Development and Reform Commission on January 17, 2019.

Approval in-principle has been obtained for the listing of the Notes on the SGX-ST. Admission of the Notes to the SGX-ST is not to be taken as an indication of the merits of the Company, its subsidiaries, or the Notes. No listing of the Notes has been sought in Hong Kong.

As no binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this announcement, the Proposed Notes Issue may or may not be completed. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

Further announcement in respect of the Proposed Notes Issue will be made by the Company should the Purchase Agreement be signed.

THE PROPOSED NOTES ISSUE

Introduction

The Company proposes to conduct an international offering of senior notes.

In connection with the Proposed Notes Issue, the Company will provide certain professional investors with recent financial information of the Group as extracted from the unaudited consolidated financial statements for the six months ended June 30, 2019 (the “Unaudited Financial Statements”). To ensure equal dissemination of information to the shareholders of the Company, the Unaudited Financial Statements are attached hereto.

The completion of the Proposed Notes Issue is subject to, among other things, market conditions and investors’ interest. The pricing of the Notes, including the aggregate principal amount, the Offer Price and interest rates, will be determined through a book building exercise conducted by Citigroup, Goldman Sachs, Haitong International, HSBC and Morgan Stanley as joint global coordinators, joint bookrunners and joint lead managers, Barclays and China International Capital Corporation as joint bookrunners and joint lead managers. Upon the finalization of the terms of the Notes, Citigroup, Goldman Sachs, Haitong International, HSBC, Morgan Stanley, Barclays and China International Capital Corporation and the Company, will enter into the Purchase Agreement and other ancillary documents, pursuant to which, Citigroup, Goldman Sachs, Haitong International, HSBC, Morgan Stanley, Barclays and China International Capital Corporation will be the initial purchasers of the Notes.

The Proposed Notes Issue will only be offered or sold in offshore transactions to non-U.S. persons in accordance with Regulation S under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. None of the Notes will be offered to the public in Hong Kong and none of the Notes will be placed to any Connected Persons of the Company.

Use of Proceeds

The Company expects that the proceeds from the Proposed Notes Issue will be used for refinancing and corporate purposes, in accordance with the terms of registration that the Company obtained from the PRC National Development and Reform Commission on January 17, 2019.

Listing

Approval in-principle has been obtained for the listing of the Notes on the SGX-ST. Admission of the Notes to the SGX-ST is not to be taken as an indication of the merits of the Company, its subsidiaries, or the Notes. No listing of the Notes has been sought in Hong Kong.

GENERAL

As no binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this announcement, the Proposed Notes Issue may or may not be completed. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

A further announcement in respect of the Proposed Notes Issue will be made by the Company should the Purchase Agreement be signed.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Barclays”	Barclays Bank PLC, one of the joint bookrunners and joint lead managers in respect of the Notes Issue
“Board”	the board of directors of the Company
“China International Capital Corporation”	China International Capital Corporation Hong Kong Securities Limited, one of the joint bookrunners and joint lead managers in respect of the Notes Issue
“China” or “PRC”	the People’s Republic of China excluding except where the context otherwise requires, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of China and Taiwan
“Citigroup”	Citigroup Global Markets Limited, one of the joint global coordinators, joint bookrunners and joint lead managers in respect of the Notes Issue
“Company”	Longfor Group Holdings Limited (龍湖集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Connected Person”	has the meaning ascribed to it under the Listing Rules
“Goldman Sachs”	Goldman Sachs (Asia) L.L.C., one of the joint global coordinators, joint bookrunners and joint lead managers in respect of the Notes Issue
“Group”	the Company and its subsidiaries
“Haitong International”	Haitong International Securities Company Limited, one of the joint global coordinators, joint bookrunners and joint lead managers in respect of the Notes Issue
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, one of the joint global coordinators, joint bookrunners and joint lead managers in respect of the Notes Issue
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Morgan Stanley”	Morgan Stanley & Co. International plc, one of the joint global coordinators, joint bookrunners and joint lead managers in respect of the Notes Issue
“Notes”	the senior notes to be issued by the Company
“Offer Price”	the final price at which the Notes will be sold

“Proposed Notes Issue”	an international offering of the Notes by the Company
“Purchase Agreement”	the agreement proposed to be entered into between the Company, Citigroup, Goldman Sachs, Haitong International, HSBC, Morgan Stanley, Barclays and China International Capital Corporation in relation to the Proposed Notes Issue
“Securities Act”	the United States Securities Act of 1933, as amended
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
Longfor Group Holdings Limited
Wu Yajun
Chairperson

Hong Kong, September 9, 2019

As at the date of this announcement, the Board comprises eight members: Madam Wu Yajun, Mr. Shao Mingxiao, Mr. Zhao Yi and Mr. Li Chaojiang who are executive Directors; and Mr. Frederick Peter Churchouse, Mr. Chan Chi On, Derek, Mr. Xiang Bing and Mr. Zeng Ming who are independent non-executive Directors.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF LONGFOR GROUP HOLDINGS LIMITED

龍湖集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

We have reviewed the condensed consolidated financial statements of Longfor Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 6 to 50, which comprise the condensed consolidated statement of financial position as of June 30, 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain 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 International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 26, 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2019

	NOTES	Six months ended June 30,	
		2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Revenue	3	38,569,813	27,120,815
Cost of sales		<u>(25,987,889)</u>	<u>(17,050,830)</u>
Gross profit		12,581,924	10,069,985
Other income	4	617,529	604,714
Other gains and losses	5	(66,789)	(188,405)
Lease liability charges		(252,292)	–
Fair value gain upon transfer to investment properties		105,185	406,298
Change in fair value of investment properties		2,206,897	2,188,990
Change in fair value of derivative financial instruments		219,623	(62,854)
Selling and marketing expenses		(1,175,094)	(871,313)
Administrative expenses		(2,165,526)	(1,777,854)
Finance costs	6	(58,482)	(41,737)
Share of results of associates		381,058	78,211
Share of results of joint ventures		<u>675,742</u>	<u>371,989</u>
Profit before taxation		13,069,775	10,778,024
Income tax expense	7	<u>(4,919,938)</u>	<u>(4,085,305)</u>
Profit for the period	8	<u>8,149,837</u>	<u>6,692,719</u>
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Fair value gain on investment in unlisted equity instruments at fair value through other comprehensive income		<u>–</u>	<u>156,075</u>
Item that may be reclassified subsequently to profit or loss:			
Net fair value gain on hedging instruments		287,598	185,613
Gain on hedging instruments reclassified to profit or loss		<u>(99,097)</u>	<u>(332,879)</u>
		<u>188,501</u>	<u>(147,266)</u>
Other comprehensive income for the period		<u>188,501</u>	<u>8,809</u>
Total comprehensive income for the period		<u>8,338,338</u>	<u>6,701,528</u>

		Six months ended June 30,	
		2019	2018
	<i>NOTES</i>	RMB'000	RMB'000
		(unaudited)	(unaudited)
Profit for the period attributable to:			
Owners of the Company		6,309,981	5,429,650
Non-controlling interests		1,839,856	1,263,069
		<u>8,149,837</u>	<u>6,692,719</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		6,498,482	5,438,459
Non-controlling interests		1,839,856	1,263,069
		<u>8,338,338</u>	<u>6,701,528</u>
Earnings per share, in RMB cents			
Basic	<i>10</i>	<u>107.8</u>	<u>92.9</u>
Diluted	<i>10</i>	<u>106.0</u>	<u>91.0</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2019

		At June 30, 2019 <i>RMB'000</i> (unaudited)	At December 31, 2018 <i>RMB'000</i> (audited)
NON-CURRENT ASSETS			
Investment properties	11	115,600,340	84,409,540
Property, plant and equipment	12	1,412,794	3,365,689
Prepaid lease payments		–	16,518,641
Land use rights		–	414,360
Right-of-use assets		408,246	–
Interests in associates		7,729,967	7,571,982
Interests in joint ventures		6,830,470	7,365,020
Equity instruments at fair value through other comprehensive income		895,141	734,265
Deposits paid for acquisition of land use rights		–	9,968,487
Derivative financial instruments	18	429,021	313,611
Deferred taxation assets		5,604,128	4,192,962
		<u>138,910,107</u>	<u>134,854,557</u>
CURRENT ASSETS			
Inventories of properties	13	309,786,910	246,562,069
Other inventories		656,470	826,649
Deposits paid for acquisition of properties held for development		8,716,949	–
Accounts and other receivables, deposits and prepayments	14	27,387,769	22,573,317
Amounts due from non-controlling interests	27	41,063,597	32,888,617
Amounts due from associates	27	7,713,866	6,876,577
Amounts due from joint ventures	27	12,704,671	12,835,904
Taxation recoverable		4,928,619	4,202,728
Pledged bank deposits		133,954	180,529
Derivative financial instruments	18	67,305	–
Bank balances and cash		57,938,821	45,083,066
		<u>471,098,931</u>	<u>372,029,456</u>

		At June 30, 2019 <i>RMB'000</i> (unaudited)	At December 31, 2018 <i>RMB'000</i> (audited)
CURRENT LIABILITIES			
Accounts and bills payables, deposits received and accrued charges	15	73,342,082	62,233,952
Contract liabilities		161,241,442	113,439,818
Lease liabilities		868,099	–
Amounts due to non-controlling interests	27	27,704,438	24,527,983
Amounts due to associates	27	7,751,160	8,945,018
Amounts due to joint ventures	27	8,306,651	7,173,139
Taxation payable		18,654,807	21,611,655
Bank and other borrowings – due within one year	16	13,756,326	11,743,175
Other derivative financial instruments	16	1,562	168,944
		<u>311,626,567</u>	<u>249,843,684</u>
NET CURRENT ASSETS		<u>159,472,364</u>	<u>122,185,772</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>298,382,471</u>	<u>257,040,329</u>
CAPITAL AND RESERVES			
Share capital	19	518,584	516,783
Reserves		83,478,075	81,144,649
Equity attributable to owners of the Company		<u>83,996,659</u>	81,661,432
Non-controlling interests		<u>70,614,376</u>	59,156,696
TOTAL EQUITY		<u>154,611,035</u>	<u>140,818,128</u>
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year	16	117,652,746	99,456,124
Senior notes – due after one year	17	8,641,765	8,620,623
Lease liabilities		8,197,878	–
Derivative financial instruments	18	71,882	176,765
Other derivative financial instruments	16	146,683	221,728
Deferred taxation liabilities		9,060,482	7,746,961
		<u>143,771,436</u>	<u>116,222,201</u>
		<u>298,382,471</u>	<u>257,040,329</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

Attributable to owners of the Company

	Shares											Non-controlling interests	Total				
	Share capital	Share premium	Capital reserve	Special reserve	Other reserve	Statutory surplus reserve	Exchange reserve	Share award	Share option reserve	Share award reserve	Investment revaluation reserve			Hedging reserve	Retained profits	Total	Non-controlling interests
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At January 1, 2018 (audited)	514,209	1,305,784	(437,448)	620,672	380,143	1,901,354	(1,654)	(853,359)	368,799	124,358	23,114	(212,407)	66,856,213	70,589,778	35,612,011	106,201,789	
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	5,429,650	5,429,650	1,263,069	6,692,719	
Fair value gain on hedging instruments	-	-	-	-	-	-	-	-	-	-	-	185,613	-	185,613	-	185,613	
Gain on hedging instruments reclassified to profit and loss	-	-	-	-	-	-	-	-	-	-	-	(332,879)	-	(332,879)	-	(332,879)	
Fair value gain on equity instruments through other comprehensive income	-	-	-	-	-	-	-	-	-	-	156,075	-	-	156,075	-	156,075	
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	156,075	(147,266)	5,429,650	5,438,459	1,263,069	6,701,528	
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	10,545	94,497	-	-	-	105,042	-	105,042	
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(212,332)	(212,332)	
Capital injection from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,114,727	9,114,727	
Additional non-controlling interest arising on acquisition of assets and liabilities through acquisition of subsidiaries (Note 20)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	537,209	537,209	
Deemed disposal of partial interest in subsidiaries not resulting in losing of control (Note 22)	-	-	-	-	-	-	-	-	-	-	-	-	(40,749)	-	-	848,800	
Shares vested under the share award scheme	-	(1,548,950)	-	-	-	-	-	53,365	-	(12,616)	-	-	(1,760,178)	(3,309,128)	-	(3,309,128)	
Dividend recognised as distribution (Note 9)	-	243,166	-	-	-	-	-	-	(70,791)	-	-	-	-	174,232	-	174,232	
Issue of shares on exercise of share options	1,857	-	-	-	-	-	-	(153,115)	-	-	-	-	-	(153,115)	-	(153,115)	
Purchase of shares under the share award scheme	-	-	-	-	-	-	-	-	-	-	-	-	-	11,013	-	11,013	
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,175,691)	(2,164,678)	
Disposal of partial interest in subsidiaries not resulting in losing of control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,580,629	2,580,629	
At June 30, 2018 (unaudited)	516,066	-	(437,448)	620,672	391,156	1,901,354	(1,654)	(953,109)	308,553	206,239	179,189	(359,673)	70,484,936	72,856,281	47,568,422	120,424,703	

Attributable to owners of the Company

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Special reserve RMB'000	Other reserve RMB'000	Statutory surplus reserve RMB'000	Exchange reserve RMB'000	Shares held for share award RMB'000	Share option reserve RMB'000	Share award reserve RMB'000	Investment revaluation reserve RMB'000	Hedging reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At January 1, 2019 (audited)	516,783	-	(437,448)	620,672	391,156	1,951,251	(1,654)	(1,154,082)	286,501	384,035	304,307	(749,335)	79,549,216	81,661,432	59,156,696	140,818,128
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	6,309,981	6,309,981	1,839,856	8,149,837
Fair value gain on hedging instruments	-	-	-	-	-	-	-	-	-	-	-	287,598	-	287,598	-	287,598
Gain on hedging instruments reclassified to profit and loss	-	-	-	-	-	-	-	-	-	-	-	(99,097)	-	(99,097)	-	(99,097)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	188,501	6,309,981	6,498,482	1,839,856	8,338,338
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	4,748	134,255	-	-	-	139,003	-	139,003
Forfeiture of share awards	-	-	-	-	-	-	-	-	-	(2,404)	-	-	2,404	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(296,000)	(296,000)
Capital injection from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,409,375	6,409,375
Additional non-controlling interest arising on acquisition of assets and liabilities through acquisition of subsidiaries (Note 20)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,869,269	2,869,269
Deemed disposal of partial interest in subsidiaries not resulting in losing of control (Note 22)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	545,230	545,230
Shares vested under the share award scheme	-	-	-	-	-	-	-	135,094	-	(90,860)	-	-	(44,234)	-	-	-
Dividend recognised as distribution (Note 9)	-	(218,825)	-	-	-	-	-	-	-	-	-	-	(3,892,906)	(4,111,731)	-	(4,111,731)
Issue of shares on exercise of share options	1,801	218,825	-	-	-	-	-	-	(60,671)	-	-	-	-	159,955	-	159,955
Purchase of shares under the share award scheme	-	-	-	-	-	-	-	(350,482)	-	-	-	-	-	(350,482)	-	(350,482)
Disposal of partial interest in subsidiaries not resulting in losing of control (Note 21)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	89,950	89,950
At June 30, 2019 (unaudited)	518,584	-	(437,448)	620,672	391,156	1,951,251	(1,654)	(1,369,440)	230,578	425,026	304,307	(560,834)	81,924,461	83,996,659	70,614,376	154,611,035

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Profit before taxation	13,069,775	10,778,024
Adjustments for:		
Finance costs	58,482	41,737
Depreciation of property, plant and equipment	50,559	43,566
Fair value gain upon transfer to investment properties	(105,185)	(406,298)
Change in fair value of investment properties	(2,206,897)	(2,188,990)
Change in fair value of derivative financial instruments	(219,623)	62,854
Net exchange losses	7,758	179,270
Lease liability charges	252,292	–
Interest income	(409,849)	(153,091)
Share-based payments expenses	139,003	105,042
Other adjusting items	(1,051,071)	(324,844)
Operating cash flows before movements in working capital	9,585,244	8,137,270
Decrease (increase) in other inventories	170,179	(62,056)
Increase in properties held for development	(28,019,540)	–
Increase in properties under development for sales	(25,634,551)	(19,808,438)
Decrease in properties held for sales	22,637,588	15,826,346
Increase in deposits paid for acquisition of properties held for development	(9,314,878)	(6,079,394)
Increase in accounts and other receivables, deposits and prepayments	(6,629,528)	(2,244,599)
Increase (decrease) in accounts and bills payables and accrued charges	5,994,974	(1,118,965)
Increase in contract liabilities	47,801,624	37,067,491
Cash from operations	16,591,112	31,717,655
The People's Republic of China (The "PRC") income tax paid	(8,700,322)	(6,897,446)
NET CASH FROM OPERATING ACTIVITIES	7,890,790	24,820,209

Six months ended June 30,
2019 2018
RMB'000 **RMB'000**
(unaudited) **(unaudited)**

INVESTING ACTIVITIES

Additions to investment properties	(6,754,592)	(2,011,928)
Additions to prepaid lease payments	–	(32,329,266)
Acquisition of assets and liabilities through acquisition of subsidiaries (<i>Note 20</i>)	(1,404,533)	(1,995,123)
Investments in joint ventures	(19,442)	(728,490)
Investments in associates	(117,782)	(220,545)
Dividend received from associates	300,600	400,000
Dividend received from a joint venture	47,089	250,000
Advances to associates	(2,085,531)	(459,052)
Repayments from joint ventures	2,779,019	997,492
Repayments from non-controlling interests	2,834,541	4,321,497
Purchase of equity instruments at fair value through other comprehensive income	(160,876)	(177,413)
Advances to joint ventures	(2,647,786)	(1,905,835)
Repayments from associates	1,248,242	469,489
Advances to non-controlling interests	(10,659,521)	(12,431,128)
Placement of pledged bank deposits	(49,736)	(74,090)
Withdrawal of pledged bank deposits	96,311	110,304
Capital reduction from an associate	40,255	–
Purchase of property, plant and equipment	(71,250)	(1,352,012)
Interest received	409,849	153,091
Other investing cash flows	21,308	493
	<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES	(16,193,835)	(46,982,516)

Six months ended June 30,
2019 2018
RMB'000 **RMB'000**
(unaudited) **(unaudited)**

FINANCING ACTIVITIES

Capital contribution from non-controlling shareholders	6,409,375	9,114,727
Repayment of bank and other loans	(16,518,213)	(3,931,314)
Interest paid	(3,264,359)	(2,050,287)
New bank and other loans raised	35,768,222	31,365,877
Proceeds from issue of bonds	2,200,000	3,000,000
Expenses on issue of bonds	(13,709)	(18,780)
Repurchase of senior notes	–	(35,378)
Advances from joint ventures	1,963,295	1,119,057
Advances from associates	1,714,397	2,766,294
Advances from non-controlling interests	15,843,976	11,211,521
Dividend paid	(1,781,855)	(1,179,954)
Dividend paid to non-controlling interests	(296,000)	(212,332)
Capital injection from non-controlling shareholders resulted in deemed disposal of partial interest in subsidiaries not resulting in losing of control	545,230	848,800
Proceeds from issue of shares	159,955	174,232
Payment for purchase of shares under the share award scheme	(350,482)	(153,115)
Acquisition of additional interests in subsidiaries	–	(2,164,678)
Proceeds from disposal of partial interest in subsidiaries not resulting in losing of control	89,950	2,580,629
Proceed from issuance of senior notes	–	5,099,839
Redemption of senior notes	–	(5,509,451)
Redemption of bonds	(1,265,006)	–
Repayment to non-controlling interests	(15,855,141)	(9,594,134)
Repayment to associates	(2,908,255)	(3,272,850)
Repayment to joint ventures	(829,783)	(1,593,898)
Repayment for lease liabilities	(452,797)	–
NET CASH FROM FINANCING ACTIVITIES	21,158,800	37,564,805
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,855,755	15,402,498
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	45,083,066	26,642,154
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	57,938,821	42,044,652
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	57,938,821	42,044,652

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2019

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) *Interim Financial Reporting* issued by the International Accounting Standards Board as well as 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”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2019 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended December 31, 2018.

Application of new and amendments to IFRSs and an interpretation

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the International Accounting Standards Board which are mandatory effective for the annual period beginning on or after January 1, 2019 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015 – 2017 Cycle

Except as described below, the application of the new and amendments to IFRSs 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 these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 Leases (“IAS 17”), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Leases of low-value assets

The Group applies the recognition exemption for lease of low-value assets. Lease payments on leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the condensed consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within “investment properties”.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 Financial Instruments (“IFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets. Before the application of IFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transaction. At the date of initial application, the Group assessed and considered the impact of these refundable rental deposits paid as insignificant at January 1, 2019.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

As a lessor

Refundable rental deposits

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

2.1.2 Transition and summary of effects arising from initial application of IFRS 16

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply these standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after January 1, 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, January 1, 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

As at January 1, 2019, the Group recognise additional lease liabilities and right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments by applying IFRS 16C 8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied by the Group is 5.89%.

	At January 1, 2019 <i>RMB'000</i>
Operating lease commitments disclosed as at December 31, 2018	11,479,336
Less: Discounting at relevant incremental borrowing rates	(2,746,511)
Less: Recognition exemption of low-value assets	<u>(275,966)</u>
Lease liabilities as at January 1, 2019	<u><u>8,456,859</u></u>
Analysed as	
Current	703,059
Non-current	<u>7,753,800</u>
	<u><u>8,456,859</u></u>

The carrying amount of investment property as at January 1, 2019 comprises the following:

	At January 1, 2019 <i>RMB'000</i>
Carrying amount as at December 31, 2018	84,409,540
Reclassification from prepaid lease payment	7,811,956
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	8,456,859
Reclassification from properties, plant and equipment (Structure and leasehold improvement for subleasing)	<u>1,955,781</u>
Investment properties	<u><u>102,634,136</u></u>

The carrying amount of right-of-use assets as at January 1, 2019 comprises of following:

	At January 1, 2019 <i>RMB'000</i>
Carrying amount as at December 31, 2018	–
Reclassification from land use rights	<u>414,360</u>
Right-of-use assets as at January 1, 2019	<u><u>414,360</u></u>

As a lessor

In accordance with the transitional provisions in IFRS 16, except for sub-leases in which the Group acts as an intermediate lessor, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

Before application of IFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. At the date of initial application, the Group assessed and considered the impact of refundable rental deposits received these as insignificant at January 1, 2019.

At the date of initial application and current period, the Group assessed and considered that the impact of IFRS 16 as a lessor is insignificant.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at January 1, 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at December 31, 2018	Adjustments	Carrying amounts under IFRS 16 at January 1, 2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current Assets			
Property, plant and equipment	3,365,689	(1,955,781)	1,409,908
Prepaid lease payments (<i>Note i</i>)	16,518,641	(16,518,641)	–
Land use rights	414,360	(414,360)	–
Right-of-use assets	–	414,360	414,360
Investment properties (<i>Note i</i>)	84,409,540	18,224,596	102,634,136
Current Assets			
Inventories of properties (<i>Note i</i>)	246,562,069	8,706,685	255,268,754
Current Liabilities			
Lease liabilities	–	(703,059)	(703,059)
Non-current Liabilities			
Lease liabilities	–	(7,753,800)	(7,753,800)

Notes:

- (i) As a result of adopting IFRS 16, the directors of the Company assessed the development plan for these prepaid lease payments, and considered that prepaid lease payments with undetermined use would be classified as investment properties while prepaid lease payments with development for sales purpose would be classified as properties held for development as at January 1, 2019.
- (ii) For the purpose of reporting cash flows from operating activities under indirect method for the six months ended June 30, 2019, movements in working capital have been computed based on opening condensed consolidated statement of financial position as at January 1, 2019 as disclosed above.

2.2 Impacts and changes in accounting policies of application of other new and amendments to IFRSs

Impacts and changes in accounting policies of application on Amendments to IFRSs Annual Improvements to IFRS Standards 2015 – 2017 Cycle

The annual improvement packages amended the following four standards.

IAS 12 Income Taxes

The Group recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs

For any specific borrowing that remains outstanding after the related qualifying asset is ready for its intended use or sale, that borrowing becomes part of the funds that the Group borrows generally when calculating the capitalisation rate on general borrowings.

3. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (“CODM”) (i.e., the executive directors of the Company) in order to allocate resources to the segment and to assess its performance.

The Group is organised into business units based on their types of activities, based on which information is prepared and reported to the Group’s CODM for the purposes of resource allocation and assessment of performance. The Group’s operating segments under IFRS 8 *Operating Segments* are identified as the following three main operations:

- **Property development:** this segment represents the development and sales of office premises, commercial and residential properties. All the Group’s activities in this regard are carried out in the PRC.
- **Property investment:** this segment represents the lease of investment properties, which are developed by the Group to generate rental income and to gain from the appreciation in the properties’ values in the long term. Currently the Group’s investment property portfolio mainly comprises shopping malls and long-term rental apartments and are all located in the PRC.
- **Property management and related services and others:** this segment mainly represents the income generated from property management and related services, hotel operation and others. Currently the Group’s activities in this regard are carried out in the PRC.

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Company’s executive directors monitor the revenue and results attributable to each operating segment on the following bases:

Segment assets include all tangible assets and current assets directly attributable to each segment with the exception of properties held for development, deposits paid for acquisition of for acquisition of properties held for development, interests in associates and joint ventures, equity instruments at fair value through other comprehensive income, deferred taxation assets, taxation recoverable, derivative financial instruments and other corporate assets. Other corporate assets are not allocated to the operating segments because they are head office assets or assets which are managed centrally by the Group. The investment properties included in segment assets are stated at cost when assessed by the chief operating decision maker.

Revenue and expenses are allocated to the operating segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment profit does not include the Group’s share of results arising from the activities of the Group’s associates and joint ventures.

The measure used for reporting segment profit is adjusted earnings before interest, other gains and losses, lease liability charges, taxes, depreciation, share of results of associates and joint ventures, change in fair value of investment properties and upon transfer to investment properties, change in fair value of derivative financial instruments and finance costs (“Adjusted Earnings”), where “interest” is regarded as including investment income and “depreciation” is regarded as including impairment losses on non-current assets. To arrive at Adjusted Earnings, the Group’s earnings are further adjusted for items not specifically attributed to individual segments, such as directors’ and auditor’s remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning segment profit, management is provided with segment information concerning revenue (including inter-segment sales). Inter-segment sales are priced with reference to prices charged to external parties for similar service.

Information regarding the Group's operating segments is set out below.

	Six months ended June 30, 2019 (unaudited)			
	Property development RMB'000	Property investment RMB'000	Property management and related services and others RMB'000	Total RMB'000
Revenue from external customers				
Recognised at a point in time	30,351,766	–	–	30,351,766
Recognised over time	3,813,351	2,577,135	1,827,561	8,218,047
Inter-segment revenue	–	–	123,293	123,293
Segment revenue	<u>34,165,117</u>	<u>2,577,135</u>	<u>1,950,854</u>	<u>38,693,106</u>
Segment profit (Adjusted Earnings)	<u>8,905,632</u>	<u>2,055,386</u>	<u>445,812</u>	<u>11,406,830</u>
	Six months ended June 30, 2018 (unaudited)			
	Property development RMB'000	Property investment RMB'000	Property management and related services and others RMB'000	Total RMB'000
Revenue from external customers				
Recognised at a point in time	21,938,053	–	–	21,938,053
Recognised over time	2,099,238	1,851,424	1,232,100	5,182,762
Inter-segment revenue	–	–	60,578	60,578
Segment revenue	<u>24,037,291</u>	<u>1,851,424</u>	<u>1,292,678</u>	<u>27,181,393</u>
Segment profit (Adjusted Earnings)	<u>7,498,093</u>	<u>1,387,264</u>	<u>313,315</u>	<u>9,198,672</u>

In addition to receiving segment information concerning segment profit, the CODM is provided with information concerning the Group's consolidated amount of interests in associates and related share of results, interests in joint ventures and related share of results, changes in fair value of investment properties and upon transfer to investment properties, change in fair value of derivative financial instruments, other income, other gains and losses, lease liability charges, finance costs from borrowings, depreciation, and amortisation and impairment losses (if any) which are not allocated to operating segments.

(b) Reconciliations of segment revenue and profit or loss

	Six months ended June 30,	
	2019	2018
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Revenue		
Segment revenue	38,693,106	27,181,393
Elimination of inter-segment revenue	(123,293)	(60,578)
Consolidated revenue	<u>38,569,813</u>	<u>27,120,815</u>
Profit		
Segment profit	11,406,830	9,198,672
Other income	617,529	604,714
Other gains and losses	(66,789)	(188,405)
Lease liability charges	(252,292)	–
Fair value gain upon transfer to investment properties	105,185	406,298
Change in fair value of investment properties	2,206,897	2,188,990
Change in fair value of derivative financial instruments	219,623	(62,854)
Finance costs	(58,482)	(41,737)
Share of results of associates	381,058	78,211
Share of results of joint ventures	675,742	371,989
Depreciation and amortisation	(56,673)	(54,059)
Unallocated expenses	(2,108,853)	(1,723,795)
Consolidated profit before taxation	<u>13,069,775</u>	<u>10,778,024</u>

(c) Revenue from major product and services

The following is an analysis of the Group's revenue from its properties sold, properties invested and services provided:

	Six months ended June 30,	
	2019	2018
	RMB' 000	RMB' 000
Sales of properties		
Recognised at a point in time	30,351,766	21,938,053
Recognised over time	3,813,351	2,099,238
Property development segment	34,165,117	24,037,291
Revenue from property management and related services and others/property management and related services and others segment – recognised over time	1,827,561	1,232,100
Revenue from contract with customers	35,992,678	25,269,391
Rental income under property investment segment	2,577,135	1,851,424
Total revenue	38,569,813	27,120,815
Add: inter-segment revenue under property management and related services and other segment	123,293	60,578
Total segment revenue	<u>38,693,106</u>	<u>27,181,393</u>

(d) **Geographical information**

The following table sets out information about the Group's revenue from external customers by cities in the PRC, based on the location at which the properties are sold, properties are invested and services are provided

	Revenue from external customers	
	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
Beijing	1,524,419	1,660,533
Chengdu	2,507,173	3,175,313
Chongqing	10,938,779	4,022,386
Hangzhou	919,777	4,862,172
Jinan	9,507,172	1,393,552
Nanjing	1,534,120	123,455
Ningbo	363,678	2,479,566
Qingdao	1,092,447	2,127,255
Shanghai	1,552,783	488,495
Shenyang	1,147,821	795,732
Sunan	1,395,290	407,407
Xiamen	1,178,646	1,717,858
Other cities in the PRC	4,907,708	3,867,091
	38,569,813	27,120,815

No revenue from transaction with a single external customer amounts to 10% or more of the Group's revenue.

(e) **Segment assets**

The following is an analysis of the Group's assets by operating segment:

	At June 30, 2019 RMB'000 (unaudited)	At December 31, 2018 RMB'000 (audited)
Property development	316,809,690	269,553,969
Property investment (Note)	85,122,172	57,071,210
Property management and related services and others	755,332	1,460,156
Total segment assets	402,687,194	328,085,335

Note: The above amount of segment assets relating to leasing of properties represents the cost of investment properties and upon initial recognition cost of right-of-use assets classified under investment properties.

4. OTHER INCOME

	Six months ended June 30,	
	2019	2018
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Interest income	409,849	153,091
Government subsidies (<i>Note a</i>)	27,427	29,829
Penalty income (<i>Note b</i>)	80,908	44,273
Consultancy income (<i>Note c</i>)	82,155	347,607
Sundry income	17,190	29,914
	<hr/>	<hr/>
Total	617,529	604,714
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) The amount represents the grants received from the relevant PRC government to encourage the investments in specific regions. The subsidies are unconditional and granted on a discretionary basis to the Group during the period.
- (b) It represents penalty received from property buyers who do not execute sales and purchase agreements on property sales or from tenants who early terminate tenancy agreements.
- (c) The amount represents the consultancy services provided to the Group's joint ventures and associates in relation to the property development projects.

5. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2019	2018
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Gain on disposal of property, plant and equipment	385	313
Net exchange losses (<i>Note</i>)	(164,780)	(410,806)
Reclassification of fair value gain of hedging instruments from hedging reserve	99,097	332,879
Loss on early redemption of senior notes	–	(110,791)
Others	(1,491)	–
	<hr/>	<hr/>
	(66,789)	(188,405)
	<hr/> <hr/>	<hr/> <hr/>

Note: It represents exchange difference arising from translation of bank balances, bank borrowings and senior notes, original currencies of which are either denominated in Hong Kong Dollar (“HKD”) or United States Dollar (“USD”).

6. FINANCE COSTS

	Six months ended June 30,	
	2019	2018
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Interest on bank and other borrowings		
Wholly repayable within five years	(2,418,624)	(1,418,392)
Not wholly repayable within five years	(593,930)	(579,398)
Interest expense on senior notes	(160,165)	(202,130)
	<u>(3,172,719)</u>	<u>(2,199,920)</u>
Less: Amount capitalised to properties under development for sales and investment properties under development	3,114,237	2,158,183
	<u>(58,482)</u>	<u>(41,737)</u>

Borrowing costs capitalised arose on the general borrowing pool of the Group and were calculated by applying a capitalisation rate of 4.70% (six months ended June 30, 2018: 4.81%) per annum for the six months ended June 30, 2019 to expenditure on the qualifying assets.

7. INCOME TAX EXPENSE

	Six months ended June 30,	
	2019	2018
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Current tax		
PRC Enterprise Income Tax ("EIT")	(2,720,777)	(2,238,823)
Withholding Tax on distributed earnings	(108,049)	–
Land Appreciation Tax ("LAT")	(2,383,502)	(1,917,953)
	<u>(5,212,328)</u>	<u>(4,156,776)</u>
Overprovision in prior periods		
LAT*	194,745	174,963
	<u>(5,017,583)</u>	<u>(3,981,813)</u>
Deferred taxation		
Current period	97,645	(103,492)
	<u>(4,919,938)</u>	<u>(4,085,305)</u>

* The development plan for several property projects had been revised in which the revised estimated appreciation value was different with the appreciation value made in prior periods, resulting in an overprovision of LAT in respect of prior periods.

No provision for Hong Kong Profits Tax has been made as the Group does not have income which arises in, or is derived from, Hong Kong.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

Certain of the Company's subsidiaries operating in the PRC are eligible for exemption from PRC EIT for both periods.

8. PROFIT FOR THE PERIOD

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	50,559	43,566
Amortisation of land use rights	–	10,493
Depreciation of right-of-use assets	6,114	–
Gain on disposal of property, plant and equipment	(385)	(313)
Operating lease rentals	–	62,165
	<u> </u>	<u> </u>

9. DIVIDENDS

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
Final dividend recognised in respect of 2018 of RMB0.69 (six months ended June 30, 2018: Final dividend recognised in respect of 2017 of RMB0.473) per share	4,111,731	2,802,418
Special dividend recognised in respect of 2017 of RMB0.085 per share	–	506,710
	<u> </u>	<u> </u>
	<u>4,111,731</u>	<u>3,309,128</u>

Subsequent to the end of the reporting period, the Board declared the payment of an interim dividend of RMB2,145,338,000, representing RMB0.36 per share, based on the number of shares in issue as at June 30, 2019, in respect of the six months ended June 30, 2019 (six months ended June 30, 2018: RMB1,779,101,000).

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings attributable to the owners of the Company for the purposes of calculation of basic and diluted earnings per share	<u>6,309,981</u>	<u>5,429,650</u>

	2019 '000 (unaudited)	2018 '000 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	5,853,064	5,842,758
Effect of dilutive potential ordinary shares in respect of		
– Share options	58,855	86,803
– Share awards	42,733	36,556
	<u>5,954,652</u>	<u>5,966,117</u>
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	<u>5,954,652</u>	<u>5,966,117</u>

The weighted average number of ordinary shares adopted in the calculation of basic and diluted earnings per share for both periods have been arrived at after deducting the shares held in trust for the Company by an independent trustee under the share award scheme of the Company.

11. INVESTMENT PROPERTIES

	Completed investment properties and right-of- use assets RMB'000	Investment properties under development RMB'000	Total RMB'000
At December 31, 2018 (audited)	61,986,740	22,422,800	84,409,540
Adjustments arising from initial application of IFRS 16	10,412,640	7,811,956	18,224,596
At January 1, 2019 (restated)	72,399,380	30,234,756	102,634,136
Additions	1,489,457	6,074,757	7,564,214
Acquisition of assets through acquisition of subsidiaries (<i>Note 20</i>)	–	2,751,777	2,751,777
Transfer from properties held for sales (<i>Note</i>)	443,316	–	443,316
Net increase in fair value recognised in profit or loss	601,860	1,605,037	2,206,897
At June 30, 2019 (unaudited)	<u>74,934,013</u>	<u>40,666,327</u>	<u>115,600,340</u>
Unrealised gain on property revaluation included in profit or loss	<u>707,045</u>	<u>1,605,037</u>	<u>2,312,082</u>

Note: The transfer from properties held for sales to investment properties were made since there was a change in use as evidenced by the inception of operating leases to third parties.

Included in the above, there are right-of-use assets amounting to RMB11,368,942,000 (December 31, 2018: nil) as at June 30, 2019. There are additions to right-of-use assets amounting to RMB1,401,484,000 (six months ended June 30, 2018: nil).

The investment properties are all situated in the PRC.

The fair values of the Group's investment properties at dates of transfer and June 30, 2019 have been arrived at on the basis of valuations carried out on those dates by Savills Valuation and Professional Services Limited, a firm of independent qualified professional valuer not connected with the Group, who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The fair values of the investment properties were determined by the valuer on the following basis:

- Completed properties and right-of-use assets – arrived at by capitalising the net rental income derived from the existing tenancies with due allowance for reversionary incoming potential of the respective properties.
- Properties under development – valued on the basis that they will be developed and completed in accordance with the latest development proposals and taken into account the construction costs that will be expended to complete the development as well as developer's profit margin to reflect the quality of the completed development. For the investment properties that the fair value are not reliably measureable but expect the fair value of the properties to be reliably measureable in future, the investment properties shall be measured at cost until the fair value become reliably measureable or construction is completed (whichever is earlier).

All of the Group's property interests in leasehold land and buildings to earn rentals or for capital appreciation purposes are measured using the fair value model and classified and accounted for as investment properties.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2019, additions to property, plant and equipment amounted to RMB71,250,000 (six months ended June 30, 2018: RMB1,407,001,000), consisting of construction in progress for hotel properties, motor vehicles and equipment and furniture.

13. INVENTORIES OF PROPERTIES

	At June 30, 2019 <i>RMB'000</i> (unaudited)	At December 31, 2018 <i>RMB'000</i> (audited)
Properties held for development	13,763,534	–
Properties under development for sales	279,399,700	232,015,490
Properties held for sales	<u>16,623,676</u>	<u>14,546,579</u>
	<u>309,786,910</u>	<u>246,562,069</u>

The inventories of properties were located in the PRC. Inventories of properties which are expected to be recovered in more than twelve months after the end of the reporting period are classified under current assets as it is expected to be realised in the Group's normal operating cycle.

14. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables are mainly arisen from sales of property development and property investment. Considerations in respect of sales of properties are paid by purchasers in accordance with the terms of the related sales and purchase agreements. For lease of properties, rental income is paid by tenants within two months in accordance with the terms in the tenancy agreement.

	At June 30, 2019 RMB' 000 (unaudited)	At December 31, 2018 RMB' 000 (audited)
Trade receivables (<i>Note a</i>)	700,806	2,560,699
Other receivables, net of allowance for doubtful debts (<i>Note b</i>)	7,193,976	5,682,971
Advances to contractors	2,200,991	2,074,294
Prepaid value added tax and other taxes	13,578,858	9,360,560
Prepayments and utilities deposits (<i>Note c</i>)	3,713,138	2,894,793
	<u>27,387,769</u>	<u>22,573,317</u>

Notes:

- (a) The following is an aged analysis of trade receivables at the end of the reporting period based on the dates of delivery of goods and rendering of services:

	At June 30, 2019 RMB' 000 (unaudited)	At December 31, 2018 RMB' 000 (audited)
Within 60 days	301,598	2,178,339
61 – 180 days	255,048	325,067
181 – 365 days	142,085	47,456
1 – 2 years	2,075	9,837
	<u>700,806</u>	<u>2,560,699</u>

- (b) Other receivables mainly comprise rental deposits, receivables of refund of the deposits for land auctions, deposits for construction work, temporary payments and miscellaneous project-related deposits paid which are refundable within one year.
- (c) Included in the prepayments and utilities deposits, there are mainly properties held for development amounting to RMB3,708,500,000 (2018: RMB2,892,098,000) which are paid on behalf of certain entities which the Group potentially invests in them (“potential investees”). In the opinion of the directors, such payments are prepayment for property development projects for those potential investees.

15. ACCOUNTS AND BILLS PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	At June 30, 2019 <i>RMB' 000</i> (unaudited)	At December 31, 2018 <i>RMB' 000</i> (audited)
Trade payables and accrued expenditure on construction (<i>Note a</i>)	56,356,803	44,768,028
Bills payables (<i>Note a</i>)	665,523	968,013
Dividend payables	4,111,731	1,781,855
Other payables and accrued charges (<i>Note b</i>)	8,634,944	9,683,746
Value added tax and other tax payables	3,573,081	3,822,238
Consideration payable for acquisition of assets and liabilities through acquisition of subsidiaries	—	1,210,072
	<u>73,342,082</u>	<u>62,233,952</u>

Notes:

- (a) Trade and bills payables and accrued expenditure on construction comprise construction costs and other project-related expenses which are payable based on project progress certified by the Group.

The following is an aged analysis of trade and bills payables, based on the invoice date and issuance date of each bill, at the end of the reporting period:

	At June 30, 2019 <i>RMB' 000</i> (unaudited)	At December 31, 2018 <i>RMB' 000</i> (audited)
Within 60 days	23,658,185	20,868,583
61 – 180 days	10,980,974	8,966,617
181 – 365 days	10,285,924	6,333,705
1 – 2 years	2,829,205	2,147,504
2 – 3 years	697,060	460,323
Over 3 years	89,606	185,130
	<u>48,540,954</u>	<u>38,961,862</u>

- (b) Other payables and accrued charges comprise mainly tax received and payable to the government on behalf of customers, receipt on behalf of certain entities from potential investment partners, accrued salaries and accrued staff welfare.

16. BANK AND OTHER BORROWINGS

	At June 30, 2019 <i>RMB' 000</i> (unaudited)	At December 31, 2018 <i>RMB' 000</i> (audited)
Bank loans, secured	48,154,512	41,105,408
Bank loans, unsecured	47,452,185	35,394,192
Bonds, unsecured	35,802,375	34,699,699
	<u>131,409,072</u>	<u>111,199,299</u>

The carrying amounts of the above borrowings are repayable based on the scheduled repayment dates set out in the loan agreements, as follows:

	At June 30, 2019 <i>RMB'000</i> (unaudited)	At December 31, 2018 <i>RMB'000</i> (audited)
Within one year	13,756,326	11,743,175
More than one year but not exceeding two years	23,459,419	22,813,096
More than two years but not exceeding three years	31,561,037	20,800,932
More than three years but not exceeding four years	20,441,082	10,626,929
More than four years but not exceeding five years	24,289,018	24,998,929
Exceeding five years	17,902,190	20,216,238
	131,409,072	111,199,299
Less: Amount due within one year shown under current liabilities	<u>(13,756,326)</u>	<u>(11,743,175)</u>
Amount due after one year	<u>117,652,746</u>	<u>99,456,124</u>

The Group's bank and other borrowings are denominated in the following currencies set out below:

An analysis of borrowings by currency:

	At June 30, 2019 <i>RMB'000</i> (unaudited)	At December 31, 2018 <i>RMB'000</i> (audited)
Denominated in RMB	110,399,841	94,713,971
Denominated in HKD	20,270,204	15,747,535
Denominated in USD	739,027	737,793
	<u>131,409,072</u>	<u>111,199,299</u>

- (a) During the current period, the Group obtained new bank loans amounting to RMB35,768,222,000 (six months ended June 30, 2018: RMB31,365,877,000) and repaid bank loans of RMB16,518,213,000 (six months ended June 30, 2018: RMB3,931,314,000).

The fixed rate bank borrowings at June 30, 2019 with carrying amount of RMB2,171,090,000 (at December 31, 2018: RMB3,411,442,000) carry interest ranging from 3.06% to 5.60% (at December 31, 2018: 3.06% to 5.60%) per annum. The remaining bank borrowings with carrying amount of RMB93,435,607,000 (at December 31, 2018: RMB73,088,158,000) carry interest at variable rates based on the interest rates quoted by the People's Bank of China, Hong Kong Interbank Offered Rate and London Interbank Offered Rate, the effective interest rate is ranging from 2.70% to 5.23% (at December 31, 2018: 2.63% to 5.23%) per annum at June 30, 2019, and exposing the Group to cash flow interest rate risk.

The above secured bank loans at the end of the reporting period were secured by the pledge of assets as set out in note 23.

(b) The Group's other borrowings comprised the followings as at June 30, 2019:

Name of bond	Par value <i>RMB'000</i>	Coupon rate	Issue date	Term of the bond	Effective interest rate
Domestic Corporate Bonds					
RMB domestic corporate bonds of Chongqing Longhu Development ("2015 First Tranche Bonds")	2,000,000	4.60%	July 7, 2015	5 years	4.71%
RMB domestic corporate bonds of Chongqing Longhu Development ("(i) form of 2015 Second Tranche Bonds")	346,701	3.93%	July 27, 2015	5 years	4.02% <i>(Note a)</i>
RMB domestic corporate bonds of Chongqing Longhu Development ("(ii) form of 2015 Second Tranche Bonds")	2,000,000	4.20%	July 27, 2015	7 years	4.25% <i>(Note b)</i>
RMB domestic corporate bonds of Chongqing Longhu Development ("2015 Third Tranche Bonds")	2,000,000	4.08%	November 2, 2015	7 years	4.13% <i>(Note c)</i>
RMB domestic corporate bonds of Chongqing Longhu Development ("(i) form of 2016 First Tranche Bonds")	2,051,996	3.30%	January 25, 2016	5 years	3.41% <i>(Note d)</i>
RMB domestic corporate bonds of Chongqing Longhu Development ("(ii) form of 2016 First Tranche Bonds")	1,800,000	3.68%	January 25, 2016	8 years	3.73% <i>(Note e)</i>
RMB domestic corporate bonds of Chongqing Longhu Development ("(i) form of 2016 Second Tranche Bonds")	1,482,998	3.19%	March 4, 2016	6 years	3.28% <i>(Note f)</i>
RMB domestic corporate bonds of Chongqing Longhu Development ("(ii) form of 2016 Second Tranche Bonds")	1,500,000	3.75%	March 4, 2016	10 years	3.78% <i>(Note g)</i>

Name of bond	Par value RMB'000	Coupon rate	Issue date	Term of the bond	Effective interest rate	
RMB domestic corporate bonds of Chongqing Longhu Development (“(i) form of 2016 Third Tranche Bonds”)	700,000	3.06%	July 14, 2016	5 years	3.17%	(Note h)
RMB domestic corporate bonds of Chongqing Longhu Development (“(ii) form of 2016 Third Tranche Bonds”)	3,000,000	3.68%	July 14, 2016	7 years	3.75%	(Note i)
RMB domestic corporate bonds of Chongqing Longhu Development (“2018 First Tranche Bonds”)	3,000,000	4.96%	August 2, 2018	5 years	5.03%	(Note j)
RMB domestic corporate bonds of Chongqing Longhu Development (“2018 Second Tranche Bonds”)	2,000,000	4.80%	November 6, 2018	5 years	4.87%	(Note k)
RMB domestic corporate bonds of Chongqing Longhu Development (“(i) form of 2019 First Tranche Bonds”)	1,700,000	3.99%	February 21, 2019	5 years	4.08%	(Note l)
RMB domestic corporate bonds of Chongqing Longhu Development (“(ii) form of 2019 First Tranche Bonds”)	500,000	4.70%	February 21, 2019	7 years	4.77%	(Note m)
Green Bonds						
RMB green bonds of Chongqing Longhu Development (“(i) form of 2017 First Tranche Green Bonds”)	1,600,000	4.40%	February 16, 2017	5 years	4.49%	(Note n)
RMB green bonds of Chongqing Longhu Development (“(ii) form of 2017 First Tranche Green Bonds”)	1,440,000	4.67%	February 16, 2017	7 years	4.72%	(Note o)
RMB green bonds of Chongqing Longhu Development (“2017 Second Tranche Green Bonds”)	1,000,000	4.75%	March 6, 2017	7 years	4.79%	(Note p)

Name of bond	Par value RMB'000	Coupon rate	Issue date	Term of the bond	Effective interest rate
Medium-term Notes					
RMB medium-term notes of the Company (“(i) form of 2017 First Medium-term Notes”)	1,700,000	4.80%	July 21, 2017	3 years	5.01%
RMB medium-term notes of the Company (“(ii) form of 2017 First Medium-term Notes”)	300,000	5.00%	July 21, 2017	5 years	5.10%
Rental Apartments Special Bonds					
RMB rental apartments special bonds of Chongqing Longhu Development (“2018 First Tranche Rental Apartments Bonds”)	3,000,000	5.60%	March 21, 2018	5 years	5.64% (Note q)
RMB rental apartments special bonds of Chongqing Longhu Development (“2018 Second Tranche Rental Apartments Bonds”)	2,000,000	4.98%	August 17, 2018	5 years	5.04% (Note r)

Notes:

- (a) Chongqing Longhu Development is entitled to adjust the coupon rate on June 27, 2018 and, the investors have the option to sell back the bonds on July 27, 2018 at par or hold until maturity. On July 27, 2018, the investors have sold back (i) form of 2015 second Tranche Bonds with principal amount of RMB1,653,299,000 at a redemption price equal to 100% of the principal amount to Chongqing Longhu Development.
- (b) Chongqing Longhu Development is entitled to adjust the coupon rate on June 27, 2020 and, the investors have the option to sell back the bonds on July 27, 2020 at par or hold until maturity.
- (c) Chongqing Longhu Development is entitled to adjust the coupon rate on October 2, 2020 and, the investors have the option to sell back the bonds on November 2, 2020 at par or hold until maturity.
- (d) Chongqing Longhu Development is entitled to adjust the coupon rate on December 25, 2018 and, the investors have the option to sell back the bonds on January 25, 2019 at par or hold until maturity. On January 25, 2019, the investors have sold back (i) form of 2016 First Tranche Bonds with principal amount of RMB248,004,000 at a redemption price equal to 100% of the principal amount to Chongqing Longhu Development.
- (e) Chongqing Longhu Development is entitled to adjust the coupon rate on December 25, 2020 and, the investors have the option to sell back the bonds on January 25, 2021 at par or hold until maturity.
- (f) Chongqing Longhu Development is entitled to adjust the coupon rate on February 4, 2019 and, the investors have the option to sell back the bonds on March 4, 2019 at par or hold until maturity. The investors have sold back (i) form of 2016 Second Tranche Bonds with principal amount of RMB1,017,002,000 at a redemption price equal to 100% of the principal amount to Chongqing Longhu Development.

- (g) Chongqing Longhu Development is entitled to adjust the coupon rate on February 4, 2021 and, the investors have the option to sell back the bonds on March 4, 2021 at par or hold until maturity.
- (h) Chongqing Longhu Development is entitled to adjust the coupon rate on June 14, 2019 and, the investors have the option to sell back the bonds on July 14, 2019 at par or hold until maturity. On July 14, 2019, the investors have sold back (ii) form of 2016 Second Tranche Bonds with principal amount of RMB230,000,000 at a redemption price equal to 100.00% of the principal amount to Chongqing Longhu Development.
- (i) Chongqing Longhu Development is entitled to adjust the coupon rate on June 14, 2021 and, the investors have the option to sell back the bonds on July 14, 2021 at par or hold until maturity.
- (j) Chongqing Longhu Developments is entitled to adjust the coupon rate on July 2, 2021 and, the investors have the option to sell back the bonds on August 2, 2021 at par or hold until maturity.
- (k) Chongqing Longhu Developments is entitled to adjust the coupon rate on October 6, 2021 and, the investors have the option to sell back the bonds on November 6, 2021 at par or hold until maturity.
- (l) Chongqing Longhu Development is entitled to adjust the coupon rate on January 21, 2022 and, the investors have the opinion to sell back the bonds on February 21, 2022 at par or hold until maturity.
- (m) Chongqing Longhu Development is entitled to adjust the coupon rate on January 21, 2024 and, the investors have the option to sell back the bonds on February 21, 2024 at par or hold until maturity.
- (n) Chongqing Longhu Development is entitled to adjust the coupon rate on January 16, 2020 and, the investors have the option to sell back the bonds February 16, 2020 at par or hold until maturity.
- (o) Chongqing Longhu Development is entitled to adjust the coupon rate on January 16, 2022 and, the investors have the option to sell back the bonds on February 16, 2022 at par or hold until maturity.
- (p) Chongqing Longhu Development is entitled to adjust the coupon rate on February 6, 2022 and, the investors have the option to sell back the bonds on March 6, 2022 at par or hold until maturity.
- (q) Chongqing Longhu Developments is entitled to adjust the coupon rate on February 21, 2021 and, the investors have the option to sell back the bonds on March 21, 2021 at par or hold until maturity.
- (r) Chongqing Longhu Developments is entitled to adjust the coupon rate on July 17, 2021 and, the investors have the option to sell back the bonds on August 17, 2021 at par or hold until maturity.

The 2015 Second Tranche Bonds, 2015 Third Tranche Bonds, 2016 First Tranche Bonds, 2016 Second Tranche Bonds, 2016 Third Tranche Bonds, 2017 First Tranche Green Bonds, 2017 Second Tranche Green Bonds, 2018 First Tranche Bonds, 2018 Second Tranche Bonds, 2018 First Tranche Rental Apartments Bonds, 2018 Second Tranche Rental Apartments Bonds and 2019 First Tranche Bonds contain a liability component and early redemption options:

- (i) Liability component represents the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Company.
- (ii) As at June 30, 2019, the fair value of put options of RMB148,245,000 (at December 31, 2018: RMB390,672,000) have been recognised in the condensed statement of financial position, of which, fair value gain of RMB219,623,000 (at December 31, 2018: loss of RMB310,350,000) was recognised for the six months ended June 30, 2019.

	Fair Value as at	
	June 30, 2019	December 31, 2018
	RMB'000	RMB'000
	(unaudited)	(audited)
Non-current liabilities	146,683	221,728
Current liabilities	1,562	168,944
	148,245	390,672

The Domestic Corporate Bonds and the Rental Apartments Special Bonds are non-guaranteed and listed on the Shanghai Stock Exchange.

The Green Bonds are non-guaranteed and listed on the China Central Depository & Clearing Co., Ltd..

The Medium-term notes are non-guaranteed and listed on the National Association of Financial Market Institutional Investors.

The fair value of the Domestic Corporate Bonds, the Green Bonds, the Medium-term Notes and the Rental Apartment Special Bonds, with reference to the quoted market price available on the Shanghai Stock Exchange, China Central Depository & Clearing Co., Ltd. and the National Association of Financial Market Institutional Investors, are as follows:

	At June 30, 2019	At December 31, 2018
	RMB'000	RMB'000
	(unaudited)	(audited)
2015 First Tranche Bonds	2,018,000	2,001,660
(i) form of 2015 Second Tranche Bonds	351,520	357,349
(ii) form of 2015 Second Tranche Bonds	2,087,700	2,027,933
2015 Third Tranche Bonds	2,058,946	2,001,373
(i) form of 2016 First Tranche Bonds	2,069,438	2,370,840
(ii) form of 2016 First Tranche Bonds	1,823,120	1,825,824
(i) form of 2016 Second Tranche Bonds	1,492,786	2,558,294
(ii) form of 2016 Second Tranche Bonds	1,480,625	1,508,906
(i) form of 2016 Third Tranche Bonds	721,637	688,937
(ii) form of 2016 Third Tranche Bonds	3,088,106	2,034,667
2018 First Tranche Bonds	3,178,473	3,105,087
2018 Second Tranche Bonds	2,098,800	2,067,073
(i) form of 2019 First Tranche Bonds	1,718,865	–
(ii) from of 2019 First Tranche Bonds	505,170	–
(i) form of 2017 First Tranche Green Bonds	1,626,204	1,661,600
(ii) form of 2017 First Tranche Green Bonds	1,465,031	1,498,842
2018 Second Tranche Green Bonds	1,020,041	1,042,724
(i) form of 2017 First Medium-term Notes	1,719,142	1,707,548
(ii) form of 2017 First Medium-term Notes	306,408	307,686
2018 First Tranche of Rental Apartments Special Bonds	3,124,505	3,197,867
2018 Second Tranche of Rental Apartments Special Bonds	2,116,596	2,067,073

17. SENIOR NOTES

	At June 30, 2019 RMB'000 (unaudited)	At December 31, 2018 RMB'000 (audited)
Senior notes		
– 2022 USD senior notes issued in 2017 (<i>Note a</i>)	3,119,141	3,109,900
– 2023 USD senior notes issued in 2018 (<i>Note b</i>)	2,081,873	2,076,578
– 2028 USD senior notes issued in 2018 (<i>Note c</i>)	3,440,751	3,434,145
	<u>8,641,765</u>	<u>8,620,623</u>
Analysis		
Non-current liabilities	<u>8,641,765</u>	<u>8,620,623</u>

- (a) On July 13, 2017, the Company issued senior fixed rate notes to the public at 99.425% of the aggregate principal amount of USD450,000,000 (approximately RMB3,048,000,000) (the “2022 USD Notes”) which carry fixed interest of 3.875% per annum (interest payable semi-annually in arrears) and will be fully repayable by July 13, 2022.

The 2022 USD Notes are listed on the Singapore Exchange Securities Trading Limited. They are senior obligations of the Company.

At any time, the Company may at its option redeem the 2022 USD Notes, in whole or in part, at a redemption price equal to the greater of (1) 100% of the principal amount of the 2022 USD Notes to be redeemed plus accrued and unpaid interest on the 2022 USD Notes to be redeemed, if any, to the date of redemption and (2) the Make Whole Price.

At any time on or after the date when the 2022 USD Notes of no more than 10% of the aggregate principal amount (1) originally issued on July 13, 2017 and (2) issued on July 13, 2017 of any Additional Notes permitted under “Further Issues” remain outstanding, the Company may at its option redeem the remaining outstanding 2022 USD Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of such 2022 USD Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.

“Make Whole Price” means with respect to 2022 USD Notes at any redemption date, the sum of (1) the present value of the principal amount of such 2022 USD Notes, assuming a scheduled repayment thereof on the maturity date, plus (2) the present value of the remaining scheduled payments of interest to and including the maturity date, in each case discounted to the redemption date at the Treasury Rate plus 50 basis points.

In the opinion of the directors, the fair value of the early redemption options is insignificant at initial recognition and the end of the reporting period.

Upon the occurrence of a change of control triggering event, the Company must make an offer to repurchase all outstanding 2022 USD Notes at a price in cash equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but excluding) the repurchase date.

The net carrying amount of the 2022 USD Notes is stated net of unamortised issue expenses totalling USD4,198,000 (approximately RMB28,859,000) as at June 30, 2019 (2018: USD4,897,000 (approximately RMB32,685,000)) and the effective interest rate of the 2022 USD Notes is 4.21% per annum.

- (b) On January 16, 2018, the Company issued senior fixed rate notes to the public at 99.699% of the aggregate principal amount of USD300,000,000 (approximately RMB1,932,831,000) (the “2023 USD Notes”) which carry fixed interest of 3.90% per annum (interest payable semi-annually in arrears) and will be fully repayable by April 16, 2023.

The 2023 USD Notes are listed on the Singapore Exchange Securities Trading Limited. They are senior obligations of the Company.

At any time, the Company may at its option redeem each series of the 2023 USD Notes, in whole or in part, at a redemption price equal to the greater of (1) 100% of the principal amount of such series of the 2023 USD Notes to be redeemed plus accrued and unpaid interest on such series of the 2023 USD Notes to be redeemed, if any, to the date of redemption and (2) the Make Whole Price.

At any time on or after the date when 2023 USD Notes of no more than 10% of the aggregate principal amount (1) originally issued on January 16, 2018 and (2) issued on January 18, 2018 of any Additional Notes permitted under “Further Issues” remain outstanding, the Company may as its opinion redeem the remaining outstanding 2023 USD Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of 2023 USD Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.

“Make Whole Price” means, with respect to the 2023 USD Notes at any redemption date, the sum of (1) the present value of the principal amount of such 2023 USD Notes, assuming a scheduled repayment thereof on the maturity date, plus (2) the present value of the remaining scheduled payments of interest to and including the maturity date, in each case discounted to the redemption date at the Treasury Rate plus 50 basis points.

In the opinion of the directors, the fair value of the early redemption options is insignificant at initial recognition and the end of the reporting period.

Upon the occurrence of a change of control triggering event, the Company must make an offer to repurchase all outstanding 2023 USD Notes at a price in cash equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but excluding) the repurchase date.

The net carrying amount of the 2023 USD Notes is stated net of unamortised issue expenses totalling USD2,540,000 (approximately RMB17,461,000) (2018: USD2,870,000 (approximately RMB19,698,000)) as at June 30, 2019 and the effective interest rate of the 2023 USD Notes is 4.14% per annum.

- (c) On January 16, 2018, the Company issued senior fixed rate notes to the public at 99.793% of the aggregate principal amount of USD500,000,000 (approximately RMB3,221,385,000) (the “2028 USD Notes”) which carry fixed interest of 4.50% per annum (interest payable semi-annually in arrears) and will be fully repayable by January 16, 2028.

The 2028 USD Notes are listed on the Singapore Exchange Securities Trading Limited. They are senior obligations of the Company.

At any time, the Company may at its option redeem each series of the 2028 USD Notes, in whole or in part, at a redemption price equal to the greater of (1) 100% of the principal amount of such series of the 2028 USD Notes to be redeemed plus accrued and unpaid interest on such series of the 2028 USD Notes to be redeemed, if any, to the date of redemption and (2) the Make Whole Price.

At any time on or after the date when 2028 USD Notes of no more than 10% of the aggregate principal amount (1) originally issued on January 16, 2018 and (2) issued on January 18, 2018 of any Additional Notes permitted under “Further Issues” remain outstanding, the Company may as its opinion redeem the remaining outstanding 2028 USD updated Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of 2028 USD Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.

“Make Whole Price” means, with respect to the 2028 USD Notes at any redemption date, the sum of (1) the present value of the principal amount 2028 USD Note, assuming a scheduled repayment thereof on the maturity date, plus (2) the present value of the remaining scheduled payments of interest to and including the maturity date, in each case discounted to the redemption date at the Treasury Rate plus 50 basis points.

In the opinion of the directors, the fair value of the early redemption options is insignificant at initial recognition and the end of the reporting period.

Upon the occurrence of a change of control triggering event, the Company must make an offer to repurchase all outstanding 2028 USD Notes at a price in cash equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but excluding) the repurchase date.

The net carrying amount of the 2028 USD Notes is stated net of unamortised issue expenses totalling USD4,362,000 (approximately RMB29,987,000) (2018: USD4,614,000 (approximately RMB31,661,000)) as at June 30, 2019 and the effective interest rate of the 2028 USD Notes is 4.62% per annum.

The fair value of the 2022 USD senior notes issued in 2017, 2023 USD senior notes issued in 2018, and 2028 USD senior notes issued in 2018 with reference to the quoted market price available on the Singapore Exchange Securities Trading Limited are as follows:

Senior Notes	Fair Value as at	
	June 30, 2019	December 31, 2018
	RMB'000	RMB'000
2022 USD senior notes issued in 2017	3,145,619	2,949,090
2023 USD senior notes issued in 2018	2,101,988	1,956,012
2028 USD senior notes issued in 2018	3,488,945	2,984,874

18. DERIVATIVE FINANCIAL INSTRUMENTS

	At June 30, 2019	At December 31, 2018
	RMB'000	RMB'000
	(unaudited)	(audited)
Derivative financial assets (under hedge accounting)		
Cash flow hedges		
– Cross currency interest rate swaps	483,480	313,611
– Foreign currency forward contracts	12,846	–
	496,326	313,611
Analysis as:		
Non-current assets	429,021	313,611
Current assets	67,305	–
	496,326	313,611
Derivative financial liabilities (under hedge accounting)		
Cash flow hedges		
– Cross currency interest rate swaps	13,300	62,568
– Foreign currency forward contracts	58,582	114,197
	71,882	176,765
Analysis as:		
Non-current liabilities	71,882	176,765

Cross currency interest rate swaps and foreign currency forward contracts

At the end of the reporting period, the Group had cross currency interest rate swaps designated as highly effective hedging instruments in order to minimise its exposures to foreign currency and cash flow interest rate risk on its floating-rate HKD bank borrowings and fixed rate USD senior notes and corresponding interest payment by swapping a portion of those borrowings and senior notes and corresponding interest payment from HKD and USD to RMB and floating-rate interest payments to fixed rate interest payments.

At the end of the reporting period, the Group had foreign currency forward contracts designated as effective hedging instruments in order to minimise its exposures to foreign currency risk on its HKD bank borrowings by selling RMB in exchange for HKD at the borrowings maturity date.

The terms of the cross currency interest rate contracts and foreign currency forward contracts have been negotiated to match the terms of the respective designated hedged items and the directors consider that the cross currency interest rate swaps and foreign currency forward contracts are effective hedging instruments. The major terms of these contracts are as follows:

Cross currency interest rate swaps:

Notional amount	Maturity	Exchange rates	Interest rate swap
Buy HKD310,000,000 (2018: Buy HKD310,000,000)	28/04/2020	RMB1: HKD1.1997	From HIBOR + 3.1% to fixed rate of 6.47%
Buy HKD310,000,000 (2018: Buy HKD310,000,000)	28/04/2020	RMB1: HKD1.1998	From HIBOR + 3.1% to fixed rate of 6.47%
Buy HKD387,500,000 (2018: Buy HKD387,500,000)	28/04/2020	RMB1: HKD1.2081	From HIBOR + 3.1% to fixed rate of 6.33%
Buy HKD500,000,000 (2018: Buy HKD500,000,000)	28/04/2020	RMB1: HKD1.2065	From HIBOR + 3.1% to fixed rate of 6.25%
Buy USD70,000,000 (2018: Buy USD70,000,000)	29/01/2023	RMB1: USD0.1595	From fixed rate of 3.9% to fixed rate of 4.17%
Buy USD175,000,000 (2018: Buy USD175,000,000)	16/04/2023	RMB1: USD0.1582	From fixed rate of 3.9% to fixed rate of 3.65%
Buy USD30,000,000 (2018: Buy USD30,000,000)	16/01/2028	RMB1: USD0.1583	From fixed rate of 4.5% to fixed rate of 5.5%
Buy USD20,000,000 (2018: Buy USD20,000,000)	16/01/2028	RMB1: USD0.1593	From fixed rate of 4.5% to fixed rate of 5.5%
Buy USD50,000,000 (2018: Buy USD50,000,000)	16/01/2028	RMB1: USD0.1596	From fixed rate of 4.5% to fixed rate of 5.5%
Buy USD30,000,000 (2018: Buy USD30,000,000)	16/01/2028	RMB1: USD0.1516	From fixed rate of 4.5% to fixed rate of 5.5%
Buy USD55,000,000 (2018: Buy USD55,000,000)	16/04/2023	RMB1: USD0.1512	From fixed rate of 3.9% to fixed rate of 4.9%
Buy USD50,000,000 (2018: Buy USD50,000,000)	13/07/2022	RMB1: USD0.1511	From fixed rate of 3.875% to fixed rate of 4.875%
Buy USD30,000,000 (2018: Buy USD30,000,000)	16/01/2028	RMB1: USD0.1511	From fixed rate of 4.5% to fixed rate of 5.5%
Buy USD50,000,000 (2018: Buy USD50,000,000)	13/07/2022	RMB1: USD0.1502	From fixed rate of 3.875% to fixed rate of 4.8%
Buy USD50,000,000 (2018: Buy USD50,000,000)	13/07/2022	RMB1: USD0.1507	From fixed rate of 3.875% to fixed rate of 4.8%
Buy USD20,000,000 (2018: Buy USD20,000,000)	16/01/2028	RMB1: USD0.1471	From fixed rate of 4.5% to fixed rate of 5.44%
Buy USD20,000,000 (2018: Buy USD20,000,000)	16/01/2028	RMB1: USD0.1478	From fixed rate of 4.5% to fixed rate of 5.44%
Buy USD20,000,000 (2018: Buy USD20,000,000)	16/01/2028	RMB1: USD0.147	From fixed rate of 4.5% to fixed rate of 5.37%
Buy USD50,000,000 (2018: Buy USD50,000,000)	13/07/2022	RMB1: USD0.1594	From fixed rate of 3.875% to fixed rate of 4.875%

Notional amount	Maturity	Exchange rates	Interest rate swap
Buy USD50,000,000 (2018: Buy USD50,000,000)	13/07/2022	RMB1: USD0.1511	From fixed rate of 3.875% to fixed rate of 4.875%
Buy USD50,000,000 (2018: Buy USD50,000,000)	13/07/2022	RMB1: USD0.1511	From fixed rate of 3.875% to fixed rate of 4.875%
Buy USD50,000,000 (2018: Buy USD50,000,000)	13/07/2022	RMB1: USD0.1512	From fixed rate of 3.875% to fixed rate of 4.85%
Buy USD20,000,000 (2018: Buy USD20,000,000)	16/01/2028	RMB1: USD0.1474	From fixed rate of 4.5% to fixed rate of 5.48%
Buy USD20,000,000 (2018: Buy USD20,000,000)	16/01/2028	RMB1: USD0.147	From fixed rate of 4.5% to fixed rate of 5.48%
Buy USD20,000,000 (2018: Buy USD20,000,000)	16/01/2028	RMB1: USD0.1467	From fixed rate of 4.5% to fixed rate of 5.38%
Buy USD30,000,000 (2018: Buy USD30,000,000)	16/01/2028	RMB1: USD0.144	From fixed rate of 4.5% to fixed rate of 5.55%
Buy USD30,000,000 (2018: Buy USD30,000,000)	16/01/2028	RMB1: USD0.145	From fixed rate of 4.5% to fixed rate of 5.55%
Buy USD30,000,000 (2018: Buy USD30,000,000)	13/01/2022	RMB1: USD0.1506	From fixed rate of 3.875% to fixed rate of 4.805%
Buy USD30,000,000 (2018: Buy USD30,000,000)	13/01/2022	RMB1: USD0.1505	From fixed rate of 3.875% to fixed rate of 4.805%
Buy USD40,000,000 (2018: Buy USD40,000,000)	13/07/2022	RMB1: USD0.1461	From fixed rate of 3.875% to fixed rate of 4.55%
Buy USD20,000,000 (2018: nil)	16/01/2028	RMB1: USD0.1489	From fixed rate of 4.5% to fixed rate of 5.37%
Buy USD20,000,000 (2018: nil)	16/01/2028	RMB1: USD0.1476	From fixed rate of 4.5% to fixed rate of 5.35%

Foreign currency forward contracts:

Buy	Sell	Maturity
HKD500,000,000	RMB458,150,000	25/01/2023
HKD500,000,000	RMB456,500,000	25/01/2023
HKD500,000,000	RMB457,899,987	25/01/2023
HKD300,000,000	RMB277,770,000	25/01/2023
HKD300,000,000	RMB275,730,000	25/01/2023
HKD300,000,000	RMB277,500,000	25/01/2023
HKD300,000,000	RMB279,090,000	25/01/2023
HKD200,000,000	RMB185,400,000	25/01/2023
HKD300,000,000	RMB277,740,000	25/01/2023
HKD150,000,000	RMB137,475,000	25/01/2023
HKD200,000,000	RMB177,460,000	25/01/2023
HKD100,000,000	RMB92,150,000	25/01/2023
HKD300,000,000	RMB280,140,000	25/01/2023
HKD300,000,000	RMB278,940,000	25/01/2023
HKD300,000,000	RMB278,040,000	25/01/2023
HKD100,000,000	RMB91,220,000	25/01/2023
HKD200,000,000	RMB181,800,000	25/01/2023
HKD100,000,000	RMB91,500,000	25/01/2023
HKD300,000,000	RMB276,750,000	26/01/2023
HKD300,000,000	RMB280,350,000	26/01/2023
HKD300,000,000	RMB280,350,000	26/01/2023
HKD200,000,000	RMB186,940,000	26/01/2023
HKD100,000,000	RMB91,800,000	26/01/2023
HKD100,000,000	RMB92,400,000	26/01/2023
HKD100,000,000	RMB92,200,000	26/01/2023
HKD100,000,000	RMB91,800,000	26/01/2023
HKD100,000,000	RMB91,500,000	26/01/2023

Buy	Sell	Maturity
HKD100,000,000	RMB92,250,000	02/01/2024
HKD300,000,000	RMB278,100,000	25/01/2023
HKD150,000,000	RMB137,775,000	25/01/2023
HKD200,000,000	RMB182,440,000	25/01/2023
HKD100,000,000	RMB91,800,000	25/01/2023
HKD100,000,000	RMB92,400,000	25/01/2023
HKD500,000,000	RMB458,800,000	25/01/2023
HKD100,000,000	RMB89,500,000	25/01/2023
HKD200,000,000	RMB179,000,000	25/01/2023
HKD300,000,000	RMB275,130,000	25/01/2023
HKD300,000,000	RMB276,300,000	25/01/2023

All of the above cross currency interest rate swaps and foreign currency forward contract are designated and effective as cash flow hedges. The fair values gain of the above cross currency interest rate swap contracts totalling RMB287,598,000 during the period ended June 30, 2019 (for the year ended December 31, 2018: gain of RMB136,846,000) have been recognised in other comprehensive income and accumulated in equity. The fair value gain of the hedging instruments amounting to RMB99,097,000 during the period ended June 30, 2019 (for the year ended December 31, 2018: gain of RMB648,760,000) were reclassified from hedging reserve to profit and loss in the same period.

19. SHARE CAPITAL

	Number of ordinary shares of par value <i>HK\$0.10 each</i>	Nominal value <i>HK\$'000</i>
Authorised		
At January 1, 2018 and June 30, 2018	10,000,000,000	1,000,000
Issued and fully paid		
At January 1, 2018	5,907,604,605	590,760
Issue of shares upon exercise of share options	22,732,500	2,273
At June 30, 2018	5,930,337,105	593,033
Shown in the condensed consolidated financial statements		
At June 30, 2018	RMB'000 equivalent	516,066
Authorised		
At January 1, 2019 and June 30, 2019	10,000,000,000	1,000,000
Issued and fully paid		
At January 1, 2019	5,938,471,605	593,847
Issue of shares upon exercise of share options (<i>Note</i>)	20,799,500	2,080
At June 30, 2019	5,959,271,105	595,927
Shown in the condensed consolidated financial statements		
At June 30, 2019	RMB'000 equivalent	518,584
At December 31, 2018	RMB'000 equivalent	516,783

Note:

During the six months ended June 30, 2019, the Company issued 20,799,500 (2018: 22,732,500) ordinary shares of HK\$0.10 each upon exercise of share options. The exercise price of the share options during the period range from HK\$8.28 to HK\$12.528 (equivalent to RMB7.27 to RMB11.00) (2018: HK\$8.28 to HK\$12.528 (equivalent to RMB6.98 to RMB10.56)). The new ordinary shares rank pari passu with the then existing shares in all respects.

20. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

During the six months ended June 30, 2019, the Group acquired the interests in the following entities:

Name of subsidiary	Place of incorporation/ establishment	Equity interests acquired by the Group	Total consideration <i>RMB'000</i>
Wuhan Yuanboyuan Real Estate Co. Ltd. ("Wuhan Yuanboyuan")	PRC	60% (<i>Note a</i>)	NIL
Fuzhou Shengjia Properties Development Co. Ltd.	PRC	37% (<i>Note b</i>)	18,500
Wuhan Chenmingzhongli Real Estate Co. Ltd.	PRC	60%	6,000
Hangzhou Binzhe Management Co. Ltd.	PRC	34% (<i>Note b</i>)	286,200
Shenzhen Chuangzhen Management Co. Ltd.	PRC	30% (<i>Note c</i>)	621,718
Beijing Kaiyuanhean Investment Co. Ltd.	PRC	51%	598,158

Notes:

- (a) During the six months ended June 30, 2019, pursuant to a revised shareholders' agreement of Wuhan Yuanboyuan, which was previously accounted for as a joint venture of the Group, entered into between the Group and its joint venture partner, the Group has obtained control of voting power to govern the relevant activities of the entity. Unanimous consent from the shareholders of this entity was required for relevant activities before signing of revised shareholders' agreement. After signing of the revised shareholders' agreement, relevant activities of the entity are decided by the shareholders' meeting and consent with simple majority is required from the shareholders' meeting. The Group has 60% voting power in the shareholders' meeting, the Group is able to exercise control of the entity and thus it is regarded as a subsidiary of the Group.
- (b) The relevant activities of the entity require consent with more than half of the directors in the board of directors of the entity. The Group has the power to appoint three out of five directors in the board of directors of the entity and as such, the Group is able to exercise control of the entity and thus it is regarded as a subsidiary of the Group.
- (c) The relevant activities of the entity require consent with more than half of the directors in the board of directors of the entity. The Group has the power to appoint two out of three directors in the board of directors of the entity and as such, the Group is able to exercise control of the entity and thus it is regarded as a subsidiary of the Group.

Assets acquired and liabilities recognised in these transactions at the date of acquisition are as follows:

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
Investment property	2,751,777	–
Property, plant and equipment	3,118	40,970
Properties held for development	1,619,154	4,019,553
Properties under development for sales	6,394,663	3,366,593
Amounts due from the Group	158,235	–
Amounts due from non-controlling interests	350,000	–
Accounts and other receivables, deposits and prepayments	247,867	580,092
Taxation recoverable	–	6,400
Deferred taxation assets	–	34
Bank balances and cash	126,043	79,874
Accounts and bills payables, deposits received and accrued charges	(1,367,508)	(740,485)
Amounts due to ex-shareholders assigned to the Group	–	(3,551,985)
Amounts due to the Group	(1,538,078)	(6,180)
Amounts due to non-controlling interests	(3,187,620)	(1,235,747)
	5,557,651	2,559,119
Less: Non-controlling interests	(2,869,269)	(537,209)
	<u>2,688,382</u>	<u>2,021,910</u>
Consideration satisfied by:		
Cash	1,530,576	2,074,997
Consideration payable	–	493,650
Consideration payable to non-controlling interests	–	2,995,341
Interest in joint venture	1,157,806	9,907
	2,688,382	5,573,895
Less: Loans assignment	–	(3,551,985)
	<u>2,688,382</u>	<u>2,021,910</u>
Net cash outflow:		
Cash paid	(1,530,576)	(2,074,997)
Less: Cash and cash equivalent balances acquired	126,043	79,874
	<u>(1,404,533)</u>	<u>(1,995,123)</u>

In the opinion of directors, the acquisition of these entities do not constitute businesses. Therefore, the transactions were determined by the directors of the Company to be acquisition of assets and liabilities rather than a business combination as defined in IFRS 3 (Revised) Business Combinations.

21. DISPOSAL OF PARTIAL INTEREST IN SUBSIDIARIES NOT RESULTING IN LOSING OF CONTROL

During the six months ended June 30, 2019, the Group disposed of its 35% equity interest in Ningbo Jinjun Properties Information Consulting Co. Ltd. (“Ningbo Jinjun”), which is wholly-owned subsidiary of the Company, to independent third party at considerations of RMB89,950,000, respectively. The difference between the consideration received and the net asset values disposed of are considered insignificant.

Subsequent to the disposal, the remaining 65% equity interest of Ningbo Jinjun is still held by the Group. In the opinion of the directors, the Group has sufficiently dominant voting interest to direct the relevant activities of the Company and therefore the Group has control over it. Accordingly, the entity remained as subsidiary of the Group and the disposal have been accounted for as equity transactions.

22. DEEMED DISPOSAL OF PARTIAL INTERESTS IN SUBSIDIARIES NOT RESULTING IN LOSING OF CONTROL

During the period ended June 30, 2019, the Group deemed partial disposed the interest in the following entities:

Name of subsidiary	Place of incorporation	Equity interest held by the Group before deemed disposal	Equity interest held by the Group after deemed disposal	Increased in paid up capital RMB'000	Capital injection from independent third parties RMB'000
Jiaxing Zhenyue Real Estate Consultancy Co., Ltd.	PRC	100%	51%	700,000	343,000
Guangzhou Xuanliang Development Ltd.	PRC	100%	25.1% (Note a)	270,000	202,230

During the period ended June 30, 2018, the Group deemed partial disposed the interest in the following entities:

Name of subsidiary	Place of incorporation	Equity interest held by the Group before deemed disposal	Equity interest held by the Group after deemed disposal	Increased in paid up capital RMB'000	Capital injection from independent third parties RMB'000
Fuzhou Chenrui Investment Co., Ltd.	PRC	100%	60%	10,000	4,000
Jinan Taihui Real Estate Development Co., Ltd.	PRC	100%	34% (Note b)	1,280,000	844,800

Note:

- (a) The relevant activities of the entity require consent with more than half of the directors in the board of directors of the entity. The Group has the power to appoint four out of seven directors in the board of directors of the entity and as such, the Group is able to exercise control of the entity and thus it is regarded as a subsidiary of the Group.
- (b) The relevant activities of the entity require consent with more than half of the directors in the board of directors of the entity. The Group has the power to appoint three out of five directors in the board of directors of the entity and as such, the Group is able to exercise control of the entity and thus it is regarded as a subsidiary of the Group.

In the opinion of the directors, the difference between the consideration received and the attributable net asset values deemed disposed of are considered insignificant for each of the deemed disposals above.

23. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking facilities granted to the Group at the end of the reporting period:

	At June 30, 2019 <i>RMB'000</i> (unaudited)	At December 31, 2018 <i>RMB'000</i> (audited)
Investment properties	29,406,362	26,768,840
Prepaid lease payment	–	329,657
Inventories of properties	97,644,055	83,591,945
Pledged bank deposits	133,954	180,529
	<u>127,184,371</u>	<u>110,870,971</u>

24. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

	At June 30, 2019 <i>RMB'000</i> (unaudited)	At December 31, 2018 <i>RMB'000</i> (audited)
Contracted but not provided for in the condensed consolidated financial statements:		
– Expenditure in respect of projects classified as properties under development for sales and investment properties under development	56,430,186	46,873,439
– Expenditure in respect of acquisition of properties held for development	6,118,964	8,092,178
	<u>62,549,150</u>	<u>54,965,617</u>

25. CONTINGENT LIABILITIES

The Group provided guarantees amounting to RMB9,534,882,000 (at December 31, 2018: RMB8,543,177,000) as at June 30, 2019 in respect of mortgage bank loans granted to purchasers of the Group's properties. In the opinion of the directors of the Company, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and the directors of the Company consider that the possibility of the default of the parties involved is remote, accordingly, no value has been recognised at the inception of the guarantee contracts and at the end of the reporting period as at June 30, 2019 and December 31, 2018.

Guarantees are given to banks with respect to loans procured by the purchasers of the Group's properties. Such guarantees will be released by banks upon delivery of the properties to the purchasers and completion of the relevant mortgage properties registration.

26. SHARE-BASED PAYMENT TRANSACTIONS

The Company's restricted share award scheme (the "Restricted Share Award Scheme") and Post-IPO share option scheme (the "Post-IPO Share Option Scheme") were adopted pursuant to resolutions passed on October 28, 2014 and December 23, 2009 respectively. The objective of the Restricted Share Award Scheme is to recognise and motivate the contribution of directors and employees of the Group, to provide incentives, to help the Group in retaining its existing employees and recruiting additional employees and to provide them with economic interests in attaining the long-term business objectives of the Group. The share award scheme allows the Group to make bonus payments to eligible persons by way of the Company's shares acquired by and held through an independent trustee until fulfillment of specified conditions before vesting.

On March 31, 2019, 26,790,000 shares of the Company were awarded to the directors and employees of the Group respectively under the Restricted Share Award Scheme. The share awards granted to directors and employees are to be vested in equal entitlement during each year of the vesting period, from 4 to 10 years. The first vesting date is April 1, 2020 respectively. The estimated fair value of the awards granted are RMB633,030,578 based on the market prices of the relevant shares at the grant dates.

The primary purpose of Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme is to provide incentives to directors and eligible employees. The Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme will expire in 10 years from the date of adoption.

The table below discloses movements of the Company's share awards and share options outstanding:

	Number of share awards under Restricted Share Award Scheme	Number of share options under Post-IPO Share Option Scheme
Outstanding as at January 1, 2019	71,486,500	110,901,500
Granted during the period	26,790,000	–
Exercised during the period	–	(20,799,500)
Vested during the period	(8,731,250)	–
Forfeiture during the period	(525,375)	–
	<u>89,019,875</u>	<u>90,102,000</u>
Outstanding as at June 30, 2019	89,019,875	90,102,000

The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$26.33.

The Group recognised expenses of RMB134,255,000 and RMB4,748,000 for the six months ended June 30, 2019 (six months ended June 30, 2018: RMB94,497,000 and RMB10,545,000) respectively in relation to share awards and share options granted to the directors and employees of the Group. The shares awarded by the Company will be settled with the existing shares held by the trust. Accordingly, the respective amounts were credited to share award reserve. The expenses in relation to share options were credited to share option reserve.

27. RELATED PARTY TRANSACTIONS/BALANCES

Related Party Transactions

During the period, the Group entered into the following significant transactions with its related parties:

(a) Joint ventures

	Six months ended June 30,	
	2019	2018
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Consultancy income	<u>71,096</u>	<u>182,959</u>

(b) Associates

	Six months ended June 30,	
	2019	2018
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Consultancy income	<u>11,059</u>	<u>164,648</u>

(c) Key management

	Six months ended June 30,	
	2019	2018
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Sales of properties	<u>51,225</u>	<u>66,905</u>

(d) Related companies

	Six months ended June 30,	
	2019	2018
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Property management income (Note)	1,643	4,181
Administrative expenses (Note)	<u>13,733</u>	<u>3,509</u>

Note: The related companies are controlled by Madam Wu Yujun, a director of the Company.

(e) The remuneration of directors and other members of key management during the period was as follows:

	Six months ended June 30,	
	2019	2018
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Short-term benefits	56,850	51,200
Post-employment benefits	259	239
Share-based payment	<u>22,068</u>	<u>16,577</u>
	<u>79,177</u>	<u>68,016</u>

Related Party Balances

(a) Amounts due from non-controlling interests/associates/joint ventures

The amounts are denominated in RMB, except for an amount due from a joint venture of RMB2,072,548,000 is denominated in HKD, all of which are unsecured and interest-free. The amounts due from associates and joint ventures mainly represented the land costs paid on their behalf for properties held under development. In the opinion of the directors of the Group, the amounts are expected to be repaid within 12 months after the end of the reporting period and therefore classified as current asset.

(b) Amounts due to non-controlling interests/associates/joint ventures

The amounts are denominated in RMB which are unsecured, interest-free and repayable on demand.

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/(liabilities)	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	June 30, 2019 RMB'000	December 31, 2018 RMB'000		
Cross currency interest rate swaps and foreign currency forward contracts classified as derivative financial instruments in the condensed consolidated statement of financial position	Assets: 496,326 Liabilities: (71,882)	Assets: 313,611 Liabilities: (176,765)	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates and interest rates (from observable forward exchange rates and yield curves at the end of the reporting period) and contracted forward rates and interest rates, discounted at a rate that reflects the credit risk of the Group or the counterparties, as appropriate.
Early redemption option derivatives in relation to the Domestic Corporate Bonds, Green Bonds and Rental Apartments Special Bonds issued by the Group	148,245	390,672	Level 2	The fair value of early redemption options are determined by assessing the difference between the fair values of the bonds by quoted price and the pure bond value.
Equity instruments designated as at FVTOCI	895,141	734,265	Level 3	The fair value of equity instruments designated as at FVTOCI are determined by recent transaction of the entity's own securities.

Except as detailed in the following table, the directors of the Company consider that the carrying amounts of financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values:

	At June 30, 2019		At December 31, 2018	
	Carrying amount <i>RMB'000</i>	Fair value <i>RMB'000</i>	Carrying amount <i>RMB'000</i>	Fair value <i>RMB'000</i>
Financial liabilities				
Bonds, unsecured	35,802,375	36,071,113	34,699,699	34,955,422
2022 USD Notes issued in 2017	3,119,141	3,145,619	3,109,900	2,949,090
2023 USD Notes issued in 2018	2,081,873	2,101,988	2,076,578	1,956,012
2028 USD Notes issued in 2018	3,440,751	3,488,945	3,434,145	2,984,874

29. EVENTS AFTER THE REPORTING PERIOD

- (a) On July 18, 2019, the Group through Chongqing Longhu Development, an indirectly wholly-owned subsidiary, issued the (i) form of 2019 first tranche of Rental Apartments Special Bonds of RMB500,000,000 with a coupon rate of 3.90% repayable in full by July 19, 2024. Chongqing Longhu Development is entitled to adjust the coupon rate on June 19, 2022, and after that, the investors have the option to sell back the bonds on July 19, 2022.

The proceeds from issuance of the Rental Apartment Special Bonds will be used for refinancing and in accordance with the approval obtained by Chongqing Longhu Development from the China Securities Regulatory Commission of the PRC on March 5, 2019.

- (b) On July 18, 2019, the Group through Chongqing Longhu Development, an indirectly wholly-owned subsidiary, issued the (ii) form of 2019 first tranche of Rental Apartments Special Bonds of RMB1,500,000,000 with a coupon rate of 4.67% repayable in full by July 19, 2026. Chongqing Longhu Development is entitled to adjust the coupon rate on June 19, 2024 and after that, the investors have the option to sell back the bonds on July 19, 2024.

The proceeds from issuance of Rental Apartments Special Bonds will be used for refinancing and in accordance with the approval that obtained by Chongqing Longhu Development from the China Securities Regulatory Commission of the PRC on March 5, 2019.

- (c) On July 14, 2019, the investors have sold back (ii) form of 2016 Second Tranche Bonds with principal amount of RMB230,000,000 at a redemption price equal to 100.00% of the principal amount to Chongqing Longhu Development.