合景泰富集團
KWG GROUP HOLDINGS

KWG GROUP HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability   Stock Code: 1813

Build Home with Heart
Create Future with Aspiration

以心築家 創建未來

2019 INTERIM REPORT

CONTENTS

Directors

Executive Directors

Mr. Kong Jianmin *(Chairman)*
Mr. Kong Jiantao
(Chief Executive Officer)
Mr. Kong Jiannan
Mr. Cai Fengjia
Mr. Tsui Kam Tim
(resigned on 12 August 2019)

Independent Non-executive Directors

Mr. Lee Ka Sze Carmelo, JP
Mr. Tam Chun Fai
Mr. Li Binhai

Company Secretary

Mr. Chan Kin Wai
(appointed on 12 August 2019)
Mr. Tsui Kam Tim
(resigned on 12 August 2019)

Authorised Representatives

Mr. Kong Jianmin
Mr. Chan Kin Wai
(appointed on 12 August 2019)
Mr. Tsui Kam Tim
(resigned on 12 August 2019)

Audit Committee

Mr. Tam Chun Fai *(Chairman)*
Mr. Lee Ka Sze Carmelo, JP
Mr. Li Binhai

Remuneration Committee

Mr. Tam Chun Fai *(Chairman)*
Mr. Kong Jianmin
Mr. Li Binhai

Nomination Committee

Mr. Kong Jianmin *(Chairman)*
Mr. Tam Chun Fai
Mr. Li Binhai

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Cayman Islands

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Principal Share Registrar and Transfer Agent

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Cayman Islands

Hong Kong Branch Share Registrar

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Services Limited
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Principal Bankers

Agricultural Bank of China Limited
China Construction Bank Corporation
Industrial and Commercial Bank of
China Limited
The Bank of East Asia (China) Limited
Bank of China Limited
Standard Chartered Bank (Hong Kong)
Limited
Industrial and Commercial Bank of
China (Asia) Limited
Shanghai Pudong Development Bank
Co., Ltd.
China Minsheng Banking Corp. Ltd.
The Hongkong and Shanghai Banking
Corporation Limited
China CITIC Bank Corporation Limited
China Bohai Bank Co., Ltd.

Auditors

Ernst & Young

Legal Advisors

as to Hong Kong law:
Sidley Austin

as to Cayman Islands law:
Conyers Dill & Pearman

Website

www.kwggroupholdings.com

Stock Code

1813 (Main Board of The Stock
Exchange of Hong Kong Limited)

Founded in 1995, KWG Group Holdings Limited ("KWG" or the "Company", together with its subsidiaries, collectively the "Group") is now one of the leading large-scale property developers in Guangzhou. Its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 1813) in July 2007. Since its establishment, KWG has been focusing on the development, sales, operation and management of high-quality properties.

Over the past 24 years, the Group has built up a comprehensive property development system well supported by a balanced portfolio offering different types of products, including mid- to high-end residential properties, serviced apartments, villas, offices, hotels and shopping malls. The Group has also extended its business scope from traditional property development and sales to the areas of asset management and property management. A strategic development framework has been formed, with Guangzhou, Shenzhen, Foshan as its hubs for South China, Shanghai, Hangzhou, Suzhou, Hefei for East China, Chengdu, Chongqing for Southwest China, Beijing, Tianjin for North China, and Wuhan for Central China and the Group's footprint has been expanded to Hong Kong since 2017.

The Group's current land bank is sufficient for development in the coming 3 to 5 years.

The Group will focus on the development of residential and commercial properties while seeking to deploy more resources for the establishment of a diversified property development in the future. In order to keep the profit portfolio steady, spread the investment risks and ensure stable development, the Group will strengthen the residential properties as the main force by implementing a fast growth strategy since 2017, while maintaining the proportion of commercial properties, such as offices, hotels and shopping malls, to be held in long term as investment properties.

I am pleased to present the interim results of the Group for the half-year ended 30 June 2019. The Group recorded proportionate revenue of approximately RMB17,110.1 million, representing a significant increase of 68.7% from the same period of 2018. Core profit amounted to RMB2,513.5 million, representing an increase of 28.1% as compared with the same period of 2018.

The board of directors of the Company (the "Board" and the "Directors" respectively) has resolved to declare an interim dividend of RMB32 cents per share for the six months ended 30 June 2019.

1. Penetration in Greater-Bay-Area and Yangtze-River-Delta Area and Focusing on the Development in Tier-one and Tier-two Cities

On 18 February 2019, the Outline Development Plan for Greater-Bay-Area was officially published by the State Council. With the official introduction of the development plan, the respective function of cities in Greater-Bay-Area is becoming more distinct. Mutual benefits are achieved through the synergetic developments of cities in transportation infrastructure, commercial logistics, financial services, technological innovations, etc.

As a time-honoured property enterprise in Guangdong with solid foundation in Guangzhou and extensive presence nationwide, the Group has penetrated in Greater-Bay-Area over the years. At present, the Group has established its presence in Greater-Bay-Area with projects in 8 cities and 1 region, comprising mainly Guangzhou, Shenzhen, Foshan and Hong Kong. The sellable resources of the Group in Greater-Bay-Area contributed by up to 46 projects amounted to approximately RMB260 billion, accounting for over 52% of the total gross sellable resources of the Group. Apart from penetrating in Greater-Bay-Area, the Group has formed a strategic geographical layout in Yangtze-River-Delta Area in recent years, with projects operated in 16 cities, comprising mainly Shanghai, Hangzhou and Suzhou. The Group will further penetrate in Greater-Bay-Area and Yangtze-River-Delta Area to capture the development opportunities in these two major economic areas. In the meantime, concerted developments are underway in the Bohai Rim Region represented mainly by Beijing and Tianjin, as well as Southwest Region represented mainly by Chengdu, Chongqing and Nanning.

During the reporting period, the Group seized opportunities in the land market and acquired premium sites with reasonable price in tier-one and tier-two cities such as Beijing, Guangzhou, Shenzhen, Hangzhou, Nanning and Chongqing. The replenishment of land bank in core cities enabled successive launch of new projects on the back of the full play of efficiency of the established operation management team. Brand reputation among customers for existing projects also played a part in building up a broader and deeper brand recognition of the Group, hence delivering the brand value of KWG. In future, the Group will further penetrate in cities in which it has already entered with strong focus on development in tier-one and tier-two cities.

2. Abundant Sellable Resources Supporting Full-year Target and Progressing in both Scale and Profitability

During the reporting period, the Group achieved RMB36.0 billion pre-sales, representing a year-on-year increase of 11%, and run rate of 42% of its RMB85.0 billion full year's sales target, which met the expected sell-through rate for the first half of 2019. In the second half of the 2019, the Group will continue to launch projects in tier-one and tier-two cities including Hong Kong, Guangzhou, Beijing, Shanghai, Foshan, Suzhou and Nanning.

Based on the Group's existing land bank, scheduled new start of construction and launch plan, the Group expects that the gross sellable resources for the second half of 2019 will amount to approximately RMB100 billion. Analyzed by the ranking of cities, tier-one and tier-two cities will account for 88% of sellable resources value. Analyzed by regions, Greater-Bay-Area and Yangtze-River-Delta Area will contribute 33% and 32%, respectively, of sellable resources value.

Against the backdrop of significant scaling up in sales in 2018, the Group adhered to the philosophy of "customer-oriented, create value with heart" and continued to deliver premium products with sound quality and reputation during the reporting period. By acquiring premium sites in accordance with stringent standards, together with standardised design and cost control regime, the Group sustained a relatively high profit margin compared to its peers, making steady progress in both scale and profitability. The Group's proportionate gross profit margin for the reporting period was 36.1%, representing an increase of 2.3 percentage points compared to the same period last year, while its core profit amounted to RMB2,513.5 million, representing an increase of 28.1% as compared with the same period last year. Core profit margin reported at 23.6%.

3. Healthy Debt Maturity Profile

During the reporting period, the Group maintained smooth channels of financing and adequate liquidity, thanks to its new financing channels and seizing opportunities for offshore debt issuance in capital market.

In the first half of 2019, the Group successfully obtained the RMB10 billion quota from the Shenzhen Stock Exchange for the special scheme backed by commercial property assets ("CMBS"). Also in July 2019, the Group successfully conducted the first storage issuance of CMBS in the market in the amount of RMB1.9 billion at a rate of 5.3%. The issuance of innovative financial products illustrated the Group's success in expanding and diversifying financial channels, at the same time showed the capital market's recognition of the Group's financing capabilities and comprehensive strength.

With respect to traditional financing channels, the Group successfully seized opportunities for debt issuance and issued USD bonds with longer tenors in the overseas market at coupon rate of 7.875% due in 2023 and an additional tranch due in 2024 with an effective rate of approximately 7.85%. The proceeds of the issuance were used to refinance existing indebtedness of the Group. The successful issuance of USD bonds with longer tenors in the overseas market effectively optimized debt maturity profile, mitigated short-term risks and reflected extensive recognition of the Group by the capital market.

Despite a generally tightened financing environment, the Group faced no pressure from short-term debts, with only about 14% of the Group's total interest-bearing debts due within 1 year during the reporting period. The Group had a healthy debt maturity profile, and its debts were mainly medium and long term debts. We had sufficient cash in hand and strong resistance against risks.

4. Outlook

In 2019, the Central Government will continue to uphold the principle of "housing properties for accommodation, not speculative trading", while the regulatory and control policies for real estate industry will remain differentiated for different cities. The Group expects that the real estate market will undergo stable development in the second half of 2019.

The Group is confident that Greater-Bay-Area and Yangtze-River-Delta Area will continue to benefit from population inflow, industrial support, favourable policies and ongoing economic growth. Meanwhile, as tier-one and tier-two cities are more risk-resistant, the Group will further penetrate in tier-one and tier-two cities in Greater-Bay-Area and Yangtze-River-Delta Area, with plans to launch a number of brand new projects in Guangzhou, Foshan, Hong Kong, Hangzhou, Suzhou, Wuxi and Chongqing etc. in the second half of 2019. Such abundant sellable resources will underpin the fulfilment of its full-year sales target.

Following the grand openings of shopping malls, operation of hotels and other investment properties, the Group has entered into the harvest season for rental income. The Group's boutique hotel brand "The Mulian" has scaled up through asset-light expansion approach and established presence in major tier-one and tier-two cities in China. The Group's shopping centers gradually commence operation in core tier-one and tier-two cities nationwide. In future, recurring income will continue to ramp up as the asset-light construction regime is gradually built up and the layout for commercial properties is completed.

Upholding the core philosophy of "build home with heart, create future with aspiration", KWG Group has been making vigorous efforts in exploring the living needs for beautiful life. It has become one of the leading urban integrated operators in China which has tapped into extensive business segments including real estate, commercial properties, hotel, long-term apartment, city-industry integration, education, culture and tourism and comprehensive health.

5. Appreciation

On behalf of the Group and the Board, I would like to express uttermost gratitude to all shareholders, investors, business partners and customers who have been offering tremendous support and assistance to us all along. Thanks are also owed to each and every director, member of management and staff, whose brilliant minds and incessant dedication have been instrumental to the growth and expansion of KWG Group. Going forward in unity, we will continue to build homes with our hearts and create an evermore prosperous future for our customers, our Group and our shareholders!

Kong Jianmin
Chairman

28 August 2019

Financial Review

Revenue

Revenue of the Group comprises primarily the (i) gross proceeds from the sale of properties, (ii) gross recurring revenue received and receivable from investment properties, (iii) gross revenue from hotel room rentals, food and beverage sales and other ancillary services when the services are rendered and (iv) property management fee income. The revenue is primarily generated from its four business segments: property development, property investment, hotel operation and property management.

The revenue amounted to approximately RMB10,647.1 million in the first half of 2019, representing a significant increase of 207.4% from approximately RMB3,463.7 million for the corresponding period in 2018.

The revenue generated from property development, property investment, hotel operation and property management were approximately RMB9,712.8 million, RMB320.4 million, RMB250.7 million and RMB363.2 million, respectively, during the six months ended 30 June 2019.

Proportionate revenue amounted to approximately RMB17,110.1 million in the first half of 2019, representing a significant increase of 68.7% from approximately RMB10,144.7 million for the corresponding period in 2018.

Property development

Revenue generated from property development significantly increased by 240.4% to approximately RMB9,712.8 million for the six months ended 30 June 2019 from approximately RMB2,853.4 million for the corresponding period in 2018, primarily due to an increase in the total gross floor area ("GFA") delivered to 646,900 sq.m. in the first half of 2019 from 256,419 sq.m. for the corresponding period in 2018. The increase in revenue was also attributable to an increase in the recognised average selling price ("ASP") to RMB15,014 per sq.m. from RMB11,129 per sq.m. in the corresponding period in 2018. The increase in recognised ASP was attributable to the change in delivery portfolio with different city mix and product mix as compared with that for the corresponding period in 2018.

Proportionate revenue generated from property development significantly increased by 69.7% to approximately RMB16,175.7 million for the six months ended 30 June 2019 from approximately RMB9,534.3 million for the corresponding period in 2018, primarily due to an increase in the proportionate total GFA delivered to 967,740 sq.m. in the first half of 2019 from 617,687 sq.m. for the corresponding period in 2018. The proportionate recognised ASP increased to RMB16,715 per sq.m. in the first half of 2019 from RMB15,436 per sq.m. in the corresponding period in 2018.

Property investment

Revenue generated from property investment significantly increased by 137.9% to approximately RMB320.4 million for the six months ended 30 June 2019 from approximately RMB134.7 million for the corresponding period in 2018, primarily attributable to an increase in leased investment properties.

Hotel operation

Revenue generated from hotel operation increased by 12.6% to approximately RMB250.7 million for the six months ended 30 June 2019 from approximately RMB222.7 million for the corresponding period in 2018, primarily due to our Suzhou Courtyard commenced its launch in September 2018.

Property management

Revenue generated from property management significantly increased by 43.6% to approximately RMB363.2 million for the six months ended 30 June 2019 from approximately RMB252.9 million for the corresponding period in 2018, primarily attributable to an increase in the number of properties under management.

Cost of Sales

Cost of sales of the Group primarily represents the costs we incur directly for the Group's property development activities. The principal component of cost of sales is cost of properties sold, which includes the direct costs of construction, costs of obtaining land use rights and capitalised borrowing costs on related borrowed funds during the period of construction.

Cost of sales significantly increased by 189.8% to approximately RMB6,915.4 million for the six months ended 30 June 2019 from approximately RMB2,385.9 million for the corresponding period in 2018, primarily due to the increase of total GFA delivered in sales of properties.

Land cost per sq.m. significantly increased from RMB2,078 for the corresponding period in 2018 to RMB4,312 for the six months ended 30 June 2019, due to the change in delivery portfolio with different city mix as compared with that for the corresponding period in 2018.

Construction cost per sq.m. decreased from RMB4,854 for the corresponding period in 2018 to RMB4,265 for the six months ended 30 June 2019, primarily attributable to an increase in delivery of mid-end properties with relatively lower construction cost.

Proportionate cost of sales significantly increased by 62.8% to approximately RMB10,927.8 million for the six months ended 30 June 2019 from approximately RMB6,713.5 million for the corresponding period in 2018, primarily due to the increase of total proportionate GFA delivered in sales of properties.

Gross Profit

Gross profit of the Group significantly increased by 246.2% to approximately RMB3,731.7 million for the six months ended 30 June 2019 from approximately RMB1,077.9 million for the corresponding period in 2018. The increase of gross profit was principally due to the increase in the total revenue and recognised ASP in the first half of 2019. The Group reported gross profit margin of 35.0% for the six months ended 30 June 2019 (2018: 31.1%).

Proportionate gross profit of the Group significantly increased by 80.2% to approximately RMB6,182.3 million for the six months ended 30 June 2019 from approximately RMB3,431.1 million for the corresponding period in 2018. The increase of proportionate gross profit was principally due to the increase in the proportionate revenue and recognised ASP in the first half of 2019. The Group reported proportionate gross profit margin of 36.1% for the six months ended 30 June 2019 (2018: 33.8%).

Other Income and Gains, Net

Other income and gains, significantly decreased by 31.9% to approximately RMB1,139.7 million for the six months ended 30 June 2019 from approximately RMB1,673.9 million for the corresponding period in 2018, and mainly comprised gain on disposal of a joint venture, interest income and management fee income related to our joint venture projects of approximately RMB134.1 million, RMB401.9 million and RMB197.5 million respectively.

Selling and Marketing Expenses

Selling and marketing expenses of the Group significantly increased by 80.2% to approximately RMB374.9 million for the six months ended 30 June 2019 from approximately RMB208.1 million for the corresponding period in 2018, mainly due to an increase in sales commission, which was in line with the increase in revenue generated from sales of properties during the period. The increase was also attributable to an increase in advertising and promotion expenses during the period.

Administrative Expenses

Administrative expenses of the Group significantly increased by 67.2% to approximately RMB912.9 million for the six months ended 30 June 2019 from approximately RMB546.1 million for the corresponding period in 2018, primarily attributable to increased headcounts to catch up with the rapid development of the Group in various regional offices in order to achieve its long term goal. The Group believes that people are key elements for future growth and grasping the opportunities ahead. The Group also provided extensive training, built incentive schemes as well as a teamwork-oriented corporate culture with high sense of belonging to retain experienced employees.

Other Operating Expenses, Net

Other operating expenses of the Group were approximately RMB9.1 million for the six months ended 30 June 2019 (2018: approximately RMB1.4 million).

Fair Value Gains on Investment Properties, Net

The Group reported fair value gains on investment properties of approximately RMB3,054.9 million for the six months ended 30 June 2019 (2018: approximately RMB1,186.0 million), mainly related to various leasable commercial properties in various regions.

Finance Costs

Finance costs of the Group being approximately RMB1,004.7 million for the six months ended 30 June 2019 (2018: approximately RMB641.8 million), were related to the borrowing costs on certain general corporate loans and partial senior notes. Since such borrowings were not earmarked for project development, they have not been capitalised.

Income Tax Expenses

Income tax expenses significantly increased by 183.3% to approximately RMB2,157.9 million for the six months ended 30 June 2019 from approximately RMB761.7 million for the corresponding period in 2018, primarily due to an increase in provision of land appreciation tax and corporate income tax as a result of the increase in the total GFA delivered from sales of properties in the first half of 2019.

Profit for the Period

The Group reported profit for the period of approximately RMB6,149.2 million for the six months ended 30 June 2019 (2018: approximately RMB2,164.2 million). For the six months ended 30 June 2019, proportionate net profit margin was 35.9% (2018: 21.3%).

Liquidity, Financial and Capital Resources

Cash Position

As at 30 June 2019, the carrying amounts of the Group’s cash and bank balances were approximately RMB58,557.6 million (31 December 2018: approximately RMB56,677.0 million), representing an increase of 3.3% as compared to that as at 31 December 2018.

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties. As at 30 June 2019, the carrying amount of the restricted cash was approximately RMB3,069.7 million (31 December 2018: approximately RMB4,099.3 million).

Borrowings and Charges on the Group's Assets

As at 30 June 2019, the Group's bank and other loans, senior notes and domestic corporate bonds were approximately RMB37,665.0 million, RMB21,297.9 million and RMB26,998.6 million respectively. Amongst the bank and other loans, approximately RMB7,175.9 million will be repayable within 1 year, approximately RMB22,947.9 million will be repayable between 2 and 5 years and approximately RMB7,541.2 million will be repayable over 5 years. Amongst the senior notes, approximately RMB18,687.7 million will be repayable between 2 and 5 years and approximately RMB2,610.2 million will be repayable over 5 years. Amongst the domestic corporate bonds, approximately RMB5,144.4 million will be repayable within 1 year, approximately RMB21,854.2 million will be repayable between 2 and 5 years.

As at 30 June 2019, the Group's bank and other loans of approximately RMB33,893.5 million were secured by buildings, land use rights, investment properties, properties under development and completed properties held for sale of the Group with total carrying value of approximately RMB35,566.7 million, and equity interests of certain subsidiaries of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The Group's domestic corporate bonds were guaranteed by the Company.

The carrying amounts of all the Group's bank and other loans were denominated in RMB except for certain loan balances with an aggregate amount of approximately RMB5,444.6 million and RMB1,745.6 million as at 30 June 2019 which were denominated in Hong Kong dollar and U.S. dollar respectively. All of the Group's bank and other loans were charged at floating interest rates except for loan balances with an aggregate amount of RMB7,142.8 million which were charged at fixed interest rates as at 30 June 2019. The Group's senior notes and domestic corporate bonds were denominated in U.S. dollar and RMB respectively and charged at fixed interest rates as at 30 June 2019.

Gearing Ratio

The gearing ratio is measured by the net borrowings (total borrowings net of cash and cash equivalents and restricted cash) over the total equity. As at 30 June 2019, the gearing ratio was 77.2% (31 December 2018: 66.4%).

Risk of Exchange Rate Fluctuation

The Group mainly operates in the PRC, so most of its revenue and expenses are measured in RMB. The value of RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in PRC's political and economic conditions. The conversion of RMB into foreign currencies, including the U.S. dollar and the Hong Kong dollar, has been based on rates set by the People's Bank of China.

In the first half of 2019, the exchange rates of RMB against the U.S. dollar and the Hong Kong dollar slightly decreased and the Board expects that any fluctuation of RMB's exchange rate will not have material adverse effect on the operations of the Group.

Contingent Liabilities

(i) As at 30 June 2019, the Group had the contingent liabilities relating to guarantees given to banks in respect of mortgage facilities for certain purchasers amounting to approximately RMB12,006.0 million (31 December 2018: approximately RMB8,117.1 million). This represented the guarantees in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interests and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the Board considers that in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore no provisions have been made in the financial information as at 30 June 2019 and the financial statements as at 31 December 2018 for the guarantees.

(ii) As at 30 June 2019 and 31 December 2018, the Group had provided guarantees in respect of certain bank loans for its joint ventures and associates.

Market Review

The nationwide property market in general was less heated in the first half of 2019 as compared to the corresponding period of 2018, as the overall market followed the downward trend of the market in the second half of 2018. Against this backdrop, the government's regulatory policy for the property market was aimed mainly at maintaining stability, and differentiated regulatory policies were adopted for different cities. Since March, the market has become more stabilized with notable improvements in market sentiments. According to data published by the National Bureau of Statistics, nationwide property development investment for the first six months of 2019 amounted to RMB6,160.9 billion, representing a year-on-year increase of 10.9%; property developers acquired land sites with an aggregate area of 80.35 million sq.m., representing a year-on-year decrease of 27.5%; land premium paid amounted to RMB381.1 billion, decreasing by 27.6%, year-on-year. With the rigorous implementation of the price cap policy, property prices are expected to stabilize. For the first half of 2019, sales volume and sales amount for national commodity properties amounted to 757.86 million sq.m. and RMB7,069.8 billion, respectively, representing a year-on-year decrease of 1.8% and a year-on-year increase of 5.6%, respectively.

During the first half of 2019, uncertainties prevailed in the China-U.S. trade war and there was notable volatility in international exchange rates. Against such macro-environment, China reported a 6.3% year-on-year GDP growth in a continuation of the trend of general stability with growth. Regarding the real estate industry, the Central Government continued to reiterate the principle of "housing properties for accommodation, not speculative trading" and adopted the policies of "each city adopting its own specific measures" and "differentiated regulatory policies for different cities". The general government policy prevailing in the first quarter led to optimism in expectations. For example, in certain cities, the upper cap for housing loan interest rates was lowered, while prices restrictions and the lot-drawing policy were relaxed. Many local regions encouraged talents to seek settlement by building security housing to attract the demand for home purchases by talents. Nevertheless, the land market turned active in tandem with improving consumers' confidence and market sentiments. Since April, purchase and sale restrictions have been escalated in certain cities with heated market sentiments, while some cities adjusted their land acquisition rules to achieve the aim of policy regulation in stabilizing land prices, property prices and market expectations.

Business Review

The Group's pre-sales for the reporting period amounted to RMB36.0 billion in aggregate, representing a year-on-year increase of 11%. ASP stood at approximately RMB17,000 per sq.m., which was similar to that for the corresponding period of 2018. Analyzed by contribution to pre-sales amount, among the 95 projects currently for sale, 47% were from Yangtze-River-Delta Area and 28% were from Greater-Bay-Area; analyzed by the ranking of cities, 89% were from tier-one and tier-two cities.

During the reporting period, the Group launched 15 brand new projects, including Taizhou Star Mansion, Jiaxing Yaozhuang Project, Wuxi Exquisite Palace, Foshan Apex, Chongqing The Moon Mansion and Nanning Impression Discovery Bay etc. The Group continued to prioritize quality and persist in a consumer-centered approach, bringing the consolidated strengths afforded by the diversity of the Group's businesses, delivering integrated services that covered accommodation, consumption, education and healthcare in its commitment to building homes and serving with heart. Over the past six months, the Group has won wide recognition in the industry, claiming accolades in the brand, residential and commercial categories by renowned institutions such as China Index Academy, www.guandian.cn and etc., among others: 2019 Top 30 Listed PRC Property Developers, 2019 China Mainland Top 10 Real Estate Companies Listed in Hong Kong by Comprehensive Strengths, 2019 Leader in Service Quality among Top 100 PRC Real Estate Companies in Property Management Service, 2019 Most Influential Residence in Chongqing, 2019 Major Contributor to Urban Residential Living in Guangxi Real Estate Expo, Emerging Hotel Brand in China (The Mulian Hotels), 2019 Must-visit Shopping Malls List on Dazhong Dianping (Chengdu U Fun and Suzhou U Fun).

During the reporting period, the Group continued to further explore opportunities in Greater-Bay-Area and Yangtze-River-Delta Area with a strong focus on tier-one and tier-two cities. The Group acquired premium land sites through tenders, auctions and listings in the public market, while also actively participating in mergers and acquisitions and joint developments to obtain land at more favorable costs. During the reporting period, the Group successfully acquired 16 projects in tier-one cities including Beijing and Guangzhou and top tier-two cities such as Hangzhou and Chongqing through tenders, auctions and listings in the public market, mergers and acquisitions as well as joint developments, adding 1.75 million sq.m. of attributable GFA. Analyzed by GFA, approximately 50% of the new attributable GFA was acquired through tenders, auctions and listings in the public market, reflecting our success in acquiring and replenishing premium land reserves at reasonable costs by seizing opportunities in primary market during the first half of the year.

As at 30 June 2019, the Group owned 153 projects in 38 cities across Mainland China and Hong Kong with an attributable land bank of approximately 17.72 million sq.m., sufficient for the Group's development in the next 3 to 5 years.

Recurring Income

During the reporting period, the Group's recurring income boosted significant growth of 51% to RMB1,071 million, compared with the same period last year. Currently, 8 offices, 8 shopping centers and 13 hotels are in operation, all of which are in core areas and new CBDs in tier-one and tier-two cities, supporting stable recurring income for the Group. Operating profit margins for mature shopping centers and The Mulian hotels approached 50%, and for mature office buildings reached 80%. Investment properties have entered into harvesting season, sustaining cash inflows and profits for the Group.

(1) Shopping malls

During the reporting period, the Group welcomed the grand openings of Guangzhou Nansha U Fun and Foshan U Fun Shopping Centers. Located in Jiaomen River Central District in Nansha Free Trade Area of Guangzhou, adjacent to the office of the Nansha District Government, Nansha U Fun occupies an area of 650,000 sq.m. within integrated complex of The Horizon Nansha, comprising residential buildings, villas, apartments, offices and The Mulian Hotel. Foshan U Fun is designed to be an architecture with semi-open space to create a pedestrian walk for leisure metropolitan life, bringing shopping center, cuisine paradise and artistic park under one roof. As new landmarks in Nansha and Foshan, the two shopping centers provide consumers in nearby areas with a one-stop destination for rendezvous, leisure, residential facilities and kids' activities.

Currently, the Group has eight shopping malls in operation, variously located in Guangzhou, Shanghai, Beijing, Chengdu, Suzhou and Foshan in core districts with a strong commercial presence. Four of them, namely, Suzhou U Fun, Chengdu U Fun, Beijing M • Cube and Guangzhou The Summit U Fun, are now housing premium brands as stable tenants after nearly one year in operation, supported by residential facilities in nearby area and an increasing mature commercial presence, underpinned by an occupancy rate of over 80% and providing assurance for growth in the Group's rental income for the first half of 2019. The Group will continue to uphold its brand philosophy of "art, ecology and happy life", bringing fresh vitality to the city life through its two meticulously forged proprietary brands of "U Fun" and "M • Cube".

(2) Hotels

Since the beginning of 2019, the Group's Mulian Hotel segment has so far been stellar in performance, with four new Mulian Hotels opened at Canton Fair, Nansha Phoenix Lake and Luogang Science City in Guangzhou, and Bantian in Shenzhen.

The Mulian Hotel at Guangzhou Canton Fair is located on the International Biological Island in Haizhu District, Guangzhou. Convenient transportation access is provided by Guanzhou Station of Guangzhou Metro Line 4 right beneath the hotel. The Guangzhou International Biological Island is a key incubation base for bio-technology and pharmaceutical research developed by the Guangzhou Municipal Government that hosts a number of biotech companies. As a high-end boutique hotel with a strong artistic aura on the Guangzhou International Biological Island within walking distance from the biotech companies in the neighborhood, it is also an unmistakable choice for tourists and leisure stays given its pleasant environment and proximity to scenic spots such as Diecui Park and Shuimo Park.

The Mulian Hotel at Phoenix Lake, Nansha, Guangzhou is located within The Horizon complex in Nansha District, Guangzhou. Surrounded by well-developed residential buildings, villas and apartments and complemented by the recently opened Guangzhou Nansha U Fun Shopping Center, it benefits from a rich array of life and entertainment facilities in a mature residential area. The hotel is positioned as a middle- to high-end facility for light-luxury business travelers, offering cosy and restful accommodation as well as convenient residential facilities to business people.

The Mulian Hotel at Bantian, Shenzhen stands near the headquarters of Huawei in Longgang District, Shenzhen, on the side of the entrance of Meiguan Expressway. Its excellent geographic location is capped by convenient transportation access. The hotel is equipped with a variety of room types in a bid to provide a solid experience in unique accommodation for customer groups with different needs.

The 13 hotels under the Group currently in operation include hotels managed and operated under international brands, such as Guangzhou W Hotel, Guangzhou Conrad, Guangzhou Dongpu Four Points by Sheraton and Suzhou Courtyard, as well as proprietary brands such as The Mulian Hotels in Pearl River New Town, Huadu District, Biological Island, The Horizon Nansha and Science City in Guangzhou, Bantian in Shenzhen, Future Science City in Hangzhou, Financial High-tech Zone in Chengdu and North High-speed Rail Station in Suzhou. As the proprietary hotel brand of KWG Group, The Mulian Hotels are positioned to middle- to high-end market, targeting modern-day business travelers with unique key brand catchwords such as “elegance”, “inspiration” and “fashion”. It seeks to foster an elegant, cosy and charming living space with a minimalist style in artistic design, providing discerning business travelers with a solid experience in accommodation and enjoyment and fostering a brand new traveler lifestyle underpinned by art and aesthetics.

In the future, the Group will continue to operate and promote its boutique brand of The Mulian Hotel through an asset-light model, with plans to open hotels in major tier-one and tier-two cities. Looking to the longer term, the Group expects The Mulian Hotel to export brand on the back of its brand value and market influence.

(3) Offices

At present, offices owned by the Group in core districts in tier-one and top tier-two cities, such as Guangzhou, Shanghai, Chengdu and Nanning, among others, have commenced operation, and will provide stable cash flow to the Group in future in the form of rental income. Offices in Guangzhou that have commenced operation include International Finance Place and International Metropolitan Plaza in Pearl River New Town and International Commerce Place in Pazhou. Office in Shanghai that has commenced operation includes International Metropolitan Plaza in Pudong Bund. Offices in Chengdu and Nanning that have commenced operation include Chengdu Cosmos International Center and Guangxi International Finance Place. All of the offices mentioned above are located within the CBDs in core cities, boasting high occupancy rates as they benefit from comprehensive transportation access to metro stations and main driveways nearby. As local or district landmarks built according to international quality standards, they serve as a fine testament to the Group’s image as a premium company with all-round capabilities in the design, construction and management of Grade A office towers.

Outlook

The “2019 Government Work Report” has called for the solving of the mass housing problem in a more effective manner with the cities taking on the main responsibility and the reform and improvement of the housing market regime and the security regime, in order to facilitate stable and healthy development of the property market. In 2019, the Ministry of Housing and Urban-Rural Development will implement in a prudent manner the work plan of the long-term mechanism for the stable and healthy development of the real estate market and uphold the principle of “housing properties for accommodation, not for speculative trading”, differentiated regulatory policies for different cities and giving instructions in a categorized manner, with a special emphasis on implementing the responsibility for stabilizing land prices, housing prices and market expectations and maintaining policy continuity and stability.

Given the prevailing principle of "housing properties for accommodation but not speculative trading and differentiated regulatory policies for different cities" upheld by the Central Government and the macro-economic landscape, the Group will continue to further explore opportunities in Greater-Bay-Area and Yangtze-River-Delta Area with a strong focus on tier-one and tier-two cities in the second half of 2019. Following years of development in the two aforesaid main regions, our land bank and sellable resources in these two regions account for 55% and 71% of our total attributable land bank and total gross sellable resources. Looking to the second half of 2019, the Group expects to launch approximately 20 brand new projects, including Hangzhou Linping Project, Suzhou Taihu New Town Project, Wuxi Star Mansion, Hong Kong Upper RiverBank, Guangzhou Montkam Garden, Foshan China Image, Jiangmen Apex, Beijing Niulanshan 1107# Project and Chongqing Jiangzhou Jinyun Project etc. The Group's sellable resources for the second half of 2019 will amount to RMB100 billion, of which Greater-Bay-Area and Yangtze-River-Delta Area will account for 33% and 32%, respectively, as analyzed by region, while tier-one and tier-two cities will account for 88% as analyzed by the ranking of cities.

We believe that, with the Group's geographic deployment penetrating Greater-Bay-Area and Yangtze-River-Delta Area, strategy of focusing on tier-one and tier-two cities, premium land reserves and abundant premium sellable resources, a solid foundation will be in place for the Group's sales growth. Moreover, the Group will enhance its construction work quality and production safety through optimized operational and management processes, as well as increase the speed and efficiency of its work through standardized construction, in order to accelerate the turnover cycle while assuring the premium quality of our products. The management and the staff at all levels of the Group are unwaveringly committed to the primacy of our customers, continually deliver value with heart and create exquisite products with meticulous craftsmanship. As for our commercial segment, with operations of properties for recurring income growing in maturity, we can expect ongoing rapid growth in our recurring income. The synergetic effects arising from the co-development of our diverse segments and our property and commercial segments will contribute to our Group's development into a widely-recognized and leading integrated city operator in China.

Overview of the Group's Property Development

As at 30 June 2019, the Group's major projects are located in Guangzhou, Suzhou, Chengdu, Beijing, Hainan, Shanghai, Tianjin, Nanning, Hangzhou, Nanjing, Foshan, Hefei, Wuhan, Xuzhou, Jiaxing, Taizhou, Jinan, Changshu, Lishui, Chongqing, Taicang, Wuxi, Zhaoqing, Zhongshan, Nantong, Liuzhou, Shenzhen, Huizhou, Jiangmen, Wenzhou, Dongguan, Yangzhou, Ningbo, Meishan, Chenzhou, Wuzhou, Xi'an and Hong Kong.

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
1	The Summit	Guangzhou	Residential/villa/serviced apartment/office/commercial	1,490	100
2	International Metropolitan Plaza	Guangzhou	Office/commercial	40	50
3	Tian Hui Plaza (including The Riviera and Top Plaza)	Guangzhou	Serviced apartment/office/commercial/hotel	45	33.3
4	The Star	Guangzhou	Serviced apartment/office/commercial	84	100
5	Top of World	Guangzhou	Villa/serviced apartment/office/commercial/hotel	395	100
6	The Eden	Guangzhou	Residential/commercial	2	50
7	Zengcheng Gua Lv Lake	Guangzhou	Villa/hotel	43	100
8	Essence of City	Guangzhou	Residential/villa/commercial	173	100
9	International Commerce Place	Guangzhou	Office/commercial	50	50
10	CFC (including Mayfair and International Finance East)	Guangzhou	Serviced apartment/office/commercial	79	33.3
11	The Horizon	Guangzhou	Residential/villa/serviced apartment/office/commercial/hotel	17	50
12	Fortunes Season	Guangzhou	Residential/villa/commercial	214	50
13	Nansha River Paradise	Guangzhou	Residential/commercial	61	40
14	The Jadeite (formerly known as Guangzhou Tianhe Project)	Guangzhou	Residential	16	40

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
15	V-city	Guangzhou	Serviced apartment/commercial	182	70
16	Montkam Garden (formerly known as Guangzhou Baiyun Project)	Guangzhou	Residential/villa	26	30
17	E-city	Guangzhou	Serviced apartment/commercial	506	67
18	Guangzhou Science City Hotel Project	Guangzhou	Serviced apartment/hotel	14	60
19	Guangzhou New Financial City Project	Guangzhou	Residential/serviced apartment	99	100
20	Guangzhou Huadu Shiling Project	Guangzhou	Residential/commercial	124	100
21	Guangzhou Zengcheng Luogang Project	Guangzhou	Residential/commercial	86	100
22	IFP	Guangzhou	Office/commercial	61	100
23	Four Points by Sheraton Guangzhou, Dongpu	Guangzhou	Hotel	35	100
24	The Mulian Huadu	Guangzhou	Hotel	25	100
25	W Hotel/W Serviced Apartments	Guangzhou	Hotel/serviced apartment	80	100
26	The Mulian Guangzhou	Guangzhou	Hotel	8	100
27	The Sapphire	Suzhou	Residential/serviced apartment/office/commercial/hotel	43	100
28	Suzhou Apex	Suzhou	Residential/serviced apartment/commercial/hotel	115	100
29	Suzhou Emerald	Suzhou	Residential/commercial	3	100
30	Leader Plaza	Suzhou	Serviced apartment/office/commercial	34	100
31	Wan Hui Plaza	Suzhou	Serviced apartment/office/commercial/hotel	33	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
32	Suzhou Jade Garden	Suzhou	Residential/commercial	4	100
33	Enjoy The Exquisite Life	Suzhou	Residential	14	100
34	Orient Aesthetics	Suzhou	Residential/commercial	25	20
35	Orient Moon Bay	Suzhou	Residential	29	50
36	The Moon Mansion	Suzhou	Residential/villa	58	100
37	Suzhou Taihu New Town Project	Suzhou	Residential/villa/serviced apartment/office/commercial/hotel	68	20
38	The Vision of the World	Chengdu	Residential/serviced apartment/commercial	54	100
39	Chengdu Cosmos	Chengdu	Residential/serviced apartment/office/commercial/hotel	304	100
40	Chengdu Sky Ville	Chengdu	Residential/serviced apartment/office/commercial/hotel	156	50
41	Yunshang Retreat	Chengdu	Residential/villa/commercial/hotel	610	55
42	Fragrant Seasons	Beijing	Residential/villa/serviced apartment/commercial	2	100
43	La Villa	Beijing	Residential/villa/commercial	10	50
44	Beijing Apex	Beijing	Residential/villa/serviced apartment/commercial	27	50
45	M • Cube	Beijing	Commercial	16	100
46	Summer Terrace	Beijing	Residential/commercial	19	100
47	KWG Center I	Beijing	Serviced apartment/office/commercial	128	100
48	KWG Center II	Beijing	Serviced apartment/office/commercial	125	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
49	Rose and Ginkgo Mansion	Beijing	Residential/villa/office/commercial	27	33
50	The Core of Center	Beijing	Residential/villa/serviced apartment/commercial/hotel	201	100
51	Beijing Niulanshan 1107# Project	Beijing	Residential	31	80
52	Link Chang'an	Beijing	Residential/office/commercial/hotel	29	51
53	Pearl Coast	Hainan	Residential/villa/hotel	137	100
54	Villa Como	Hainan	Residential/villa/commercial/hotel	362	100
55	Hainan Lingao Project	Hainan	Residential	34	20
56	International Metropolis Plaza	Shanghai	Office/commercial	39	100
57	The Core of Center	Shanghai	Residential/serviced apartment/office/commercial	24	50
58	Shanghai Apex	Shanghai	Residential/serviced apartment/commercial/hotel	37	100
59	Shanghai Sapphire	Shanghai	Serviced apartment/commercial	51	100
60	Amazing Bay	Shanghai	Residential/serviced apartment/office/commercial/hotel	54	50
61	Vision of World	Shanghai	Residential/serviced apartment/commercial/hotel	121	100
62	Glory Palace	Shanghai	Residential	85	100
63	Jinnan New Town	Tianjin	Residential/villa/serviced apartment/commercial	463	25
64	Tianjin The Cosmos	Tianjin	Residential/villa/commercial	262	100
65	Tianjin Jinghai Project	Tianjin	Residential	115	49
66	Tianjin Apex	Tianjin	Residential/office/commercial/hotel	109	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
67	The Core of Center	Nanning	Residential/villa/serviced apartment/office/commercial	358	87
68	International Finance Place	Nanning	Office/commercial	35	100
69	Top of World	Nanning	Residential/villa/serviced apartment/commercial	326	100
70	Fragrant Season	Nanning	Residential/villa/commercial	292	100
71	Impression Discovery Bay I	Nanning	Residential/commercial	101	34
72	Impression Discovery Bay II	Nanning	Residential/commercial	50	34
73	The Horizon	Nanning	Residential/commercial	343	80
74	The Mulian Hangzhou	Hangzhou	Commercial/hotel	18	100
75	The Moon Mansion	Hangzhou	Residential/villa	2	51
76	Sky Ville	Hangzhou	Residential/villa	49	100
77	Majestic Mansion	Hangzhou	Residential/villa	3	100
78	Puli Oriental	Hangzhou	Residential/commercial	8	50
79	Hangzhou Linping Project	Hangzhou	Serviced apartment/commercial	15	60
80	Hangzhou Tangqi Project	Hangzhou	Residential/commercial	47	100
81	Shine City	Nanjing	Residential/office/commercial	18	50
82	Nanjing Yuhuatai Project	Nanjing	Residential/commercial	16	19.75
83	Nanjing Lukou Project	Nanjing	Residential	21	50
84	Oriental Bund	Foshan	Residential/villa/serviced apartment/office/commercial	1,124	50
85	The Riviera	Foshan	Residential/commercial	116	51
86	One Palace	Foshan	Residential/serviced apartment/commercial	89	33.3

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
87	Foshan Apex	Foshan	Residential/serviced apartment/ commercial	21	50
88	China Image (formerly known as Foshan Longjiang Project)	Foshan	Residential/commercial	38	34
89	Water Moon (formerly known as City Moon I)	Hefei	Residential/commercial	139	100
90	City Moon (formerly known as City Moon II)	Hefei	Residential/commercial	40	51
91	The One	Hefei	Residential/commercial	145	100
92	Park Mansion	Hefei	Residential	44	50
93	Joyful Season	Wuhan	Residential/villa/commercial	107	60
94	The Buttonwood Season I	Wuhan	Residential/villa/commercial	91	100
95	The Buttonwood Season II	Wuhan	Residential/villa/commercial	142	100
96	Exquisite Bay	Xuzhou	Residential/commercial	47	50
97	Fragrant Season	Xuzhou	Residential/serviced apartment/ commercial	43	50
98	Xuzhou Tongshan Project I	Xuzhou	Residential	23	33
99	Xuzhou Tongshan Project II	Xuzhou	Residential/commercial	34	33
100	Majestic Mansion	Jiaxing	Residential/commercial	46	100
101	Star City	Jiaxing	Residential	28	25
102	Jiashan Yaozhuang Project	Jiaxing	Residential	64	100
103	Top of World Residence I	Taizhou	Residential	81	100
104	Top of World Residence II	Taizhou	Residential/commercial	79	80
105	Linhai Mansion	Taizhou	Residential/commercial	98	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
106	Star Mansion	Taizhou	Residential/commercial	18	33
107	Linhai CBD Project	Taizhou	Residential/commercial	34	100
108	Jinan Zhangqiu Project	Jinan	Residential	151	49
109	Jinan Zhang Ma Tun C6# Project	Jinan	Residential/commercial	26	20
110	Jinan Zhang Ma Tun C8# Project	Jinan	Residential/commercial	26	20
111	Fragrant Season	Changshu	Residential	24	40
112	Changshu Qinhu Project	Changshu	Residential	17	25
113	Liu Xiang Mansion	Lishui	Residential/commercial	58	49
114	The Riviera Chongqing	Chongqing	Residential/commercial	47	100
115	The Cosmos Chongqing	Chongqing	Residential/office/commercial/hotel	383	100
116	The Moon Mansion	Chongqing	Residential	27	39
117	Chongqing Jiangzhou Jinyun Project (formerly known as Chongqing Two River New District Project C43–1/02#)	Chongqing	Residential	47	50
118	Chongqing Longjing Xuefu Project	Chongqing	Residential	37	50
119	Chongqing Jingyuetai Project	Chongqing	Residential	71	50
120	Jiangsu Taicang Project	Taicang	Residential	118	100
121	Oriental Mansion	Wuxi	Residential/commercial	23	20
122	Wuxi Huishan Project	Wuxi	Residential/villa/commercial	81	49
123	Exquisite Palace	Wuxi	Residential/commercial	42	45
124	Star Mansion	Wuxi	Residential/commercial	27	50
125	Vision of World	Zhaoqing	Residential/commercial	192	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
126	River View Mansion (formerly known as Zhaoqing Duanzhou Project)	Zhaoqing	Residential/commercial	62	33
127	The Moon Mansion	Zhongshan	Residential/commercial	67	50
128	Serenity in Prosperity	Nantong	Residential/villa/commercial	103	51
129	Oriental Beauty	Nantong	Residential	106	70
130	The Moon Mansion	Liuzhou	Residential/villa/commercial	166	100
131	Fortunes Season	Liuzhou	Residential/commercial/hotel	1,124	100
132	Shenzhen Bantian Project	Shenzhen	Serviced apartment/office/commercial	119	100
133	KWG Topchain City Center (formerly known as Shenzhen Yantian Project)	Shenzhen	Office/commercial	69	51
134	Life in Yueshan County	Huizhou	Residential/commercial	371	100
135	The Horizon	Jiangmen	Residential	37	100
136	Jiangmen Apex	Jiangmen	Residential/serviced apartment/commercial	132	100
137	Cullinan Mansion	Wenzhou	Residential/commercial	112	100
138	Art Wanderland (formerly known as Dongguan Shipai Project)	Dongguan	Residential/villa/commercial	26	12.5
139	Dongguan Hengli Project	Dongguan	Residential/commercial	50	20
140	Yangzhou Apex	Yangzhou	Residential/commercial	197	100
141	Parkview Place (formerly known as Ningbo Beilun Project)	Ningbo	Residential	53	49
142	Ningbo Yinzhou Project	Ningbo	Residential	42	50
143	Meishan Apex	Meishan	Residential/commercial	133	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
144	Meishan Nanhu Peninsula Project	Meishan	Residential/villa/commercial	342	100
145	Chenzhou Wangxian Eco-tourism Project	Chenzhou	Residential/villa	73	50
146	KWG Qidi Ice Town	Wuzhou	Residential/commercial	285	75
147	Xi'an Yanta Project	Xi'an	Serviced apartment	37	100
148	Hong Kong Ap Lei Chau Project	Hong Kong	Residential/villa	35	50
149	Upper RiverBank (formerly known as Hong Kong Kai Tak Project)	Hong Kong	Residential	27	50

Employees and Emolument Policies

As at 30 June 2019, the Group employed a total of approximately 9,800 employees. The total staff costs incurred were approximately RMB828.9 million during the six months ended 30 June 2019. The remuneration of employees was determined based on their performance, skill, experience and prevailing industry practices. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment to be commensurate with the pay level in the industry. In addition to basic salary, the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or state-managed retirement pension scheme (for the PRC employees), employees may be offered with discretionary bonus and cash awards based on individual performance.

The Company has adopted the share award scheme and the share option scheme in order to recognize and motivate the contributions by the eligible participants of the Group.

In addition, training and development programmes are provided on an on-going basis throughout the Group.

Interests of the Directors and Chief Executive in Securities

As at 30 June 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in ordinary shares of the Company:

Name of Director	Capacity/Nature of interests	Number of shares held (Note 1)	Long position/ Short position	Approximate percentage of interests held (Note 2)
Kong Jianmin (Notes 3 and 4)	Interest of controlled corporations	1,592,317,652	Long position	50.17%
	Interests of other parties to an agreement required to be disclosed under s.317(1)(a) of the SFO	399,053,500		12.57%
Kong Jiantao (Notes 3 and 5)	Interest of controlled corporations	256,804,687	Long position	8.09%
	Interests of other parties to an agreement required to be disclosed under s.317(1)(a) of the SFO	1,443,385,000		45.47%
Kong Jiannan (Notes 3 and 6)	Interest of controlled corporations	144,338,500	Long position	4.55%
	Interests of other parties to an agreement required to be disclosed under s.317(1)(a) of the SFO	1,553,761,500		48.95%
Tsui Kam Tim (resigned on 12 August 2019) (Note 7)	Beneficial owner	447,000	Long position	0.014%
Cai Fengjia (Note 7)	Beneficial owner	415,500	Long position	0.013%
	Interest of spouse	112,000	Long position	0.004%
Tam Chun Fai	Beneficial owner	30,000	Long position	0.001%
Lee Ka Sze, Carmelo	Beneficial owner	30,000	Long position	0.001%

Notes:

1. Ordinary share(s) of HK$0.10 each in the capital of the Company.

2. As at 30 June 2019, the number of shares in issue was 3,174,071,756 shares.

3. On 30 December 2018, Mr. Kong Jianmin, Mr. Kong Jiantao, Mr. Kong Jiannan, Plus Earn Consultants Limited ("Plus Earn"), Right Rich Consultants Limited ("Right Rich") and Peace Kind Investments Limited ("Peace Kind") entered into an equity reorganization agreement (the "Equity Reorganization Agreement"), pursuant to which (i) Plus Earn agreed to transfer 179,715,000 shares of the Company to Right Rich and 144,338,500 shares of the Company to Peace Kind; (ii) Mr. Kong Jiantao agreed to transfer 15% equity interest in Plus Earn to Mr. Kong Jianmin and Mr. Kong Jiannan agreed to transfer 8.5% equity interest in Plus Earn to Mr. Kong Jianmin; and (iii) Mr. Kong Jianmin agreed to transfer 76.5% equity interest in Right Rich to Mr. Kong Jiantao and Mr. Kong Jiannan agreed to transfer 8.5% equity interest in Right Rich to Mr. Kong Jiantao (the "Equity Reorganization"). The Equity Reorganization was completed on 30 December 2018. Upon completion of the Equity Reorganization, (i) Plus Earn is wholly-owned by Mr. Kong Jianmin and directly holds 1,299,046,500 shares of the Company; (ii) Right Rich is wholly-owned by Mr. Kong Jiantao and directly holds 254,715,000 shares of the Company; and (iii) Peace Kind is wholly-owned by Mr. Kong Jiannan and directly holds 144,338,500 shares of the Company.

   On 30 December 2018, Plus Earn, Right Rich and Peace Kind entered into a shareholders' agreement (the "Shareholders' Agreement") to regulate their dealings in the shares of the Company. As such, each party to the Shareholders' Agreement was deemed to have interest in the shares and/or underlying shares held by the other parties pursuant to the Shareholders' Agreement under Section 317(1)(a) of the SFO.

4. Mr. Kong Jianmin is deemed to be interested in a total of 1,991,371,152 shares of the Company including (i) 1,299,046,500 shares held by Plus Earn which is wholly-owned by Mr. Kong Jianmin; (ii) 293,271,152 shares held by Hero Fine Group Limited ("Hero Fine") which is wholly-owned by Mr. Kong Jianmin; and (iii) 254,715,000 shares held by Right Rich and 144,338,500 shares held by Peace Kind pursuant to the Shareholders' Agreement. Mr. Kong Jianmin is the sole director of Plus Earn and Hero Fine.

5. Mr. Kong Jiantao is deemed to be interested in a total of 1,700,189,687 shares of the Company including (i) 254,715,000 shares held by Right Rich which is wholly-owned by Mr. Kong Jiantao; (ii) 1,109,587 shares held by Excel Wave Investments Limited ("Excel Wave") which is wholly-owned by Mr. Kong Jiantao; (iii) 980,100 shares held by Wealth Express Investments Limited ("Wealth Express") which is wholly-owned by Mr. Kong Jiantao; and (iv) 1,299,046,500 shares held by Plus Earn and 144,338,500 shares held by Peace Kind pursuant to the Shareholders' Agreement. Mr. Kong Jiantao is the sole director of Right Rich, Excel Wave and Wealth Express.

6. Mr. Kong Jiannan is deemed to be interested in a total of 1,698,100,000 share of the Company including (i) 144,338,500 shares held by Peace Kind which is wholly-owned by Mr. Kong Jiannan; and (ii) 1,299,046,500 shares held by Plus Earn and 254,715,000 shares held by Right Rich pursuant to the Shareholders' Agreement. Mr. Kong Jiannan is the sole director of Peace Kind.

7. Details of the awarded shares granted by the Company to the Directors are set out on page 31 under "Share Award Scheme" in this Report.

Long positions in securities of associated corporations:

Name of Director	Associated Corporations	Number of shares held in associated corporations	Percentage of shareholding in the associated corporations
Kong Jianmin	Plus Earn	1,000	100.00%

Save as disclosed above or under the section headed "Share Option Scheme" on pages 29 and 30, as at 30 June 2019, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests of Substantial Shareholders and Other Persons

As at 30 June 2019, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Long positions in the ordinary shares of the Company:

Name	Capacity	Number of shares held (Note 1)	Percentage of issued share capital (Note 2)
Plus Earn (Note 3)	Beneficial owner	1,299,046,500	40.93%
	Interests of other parties to an agreement required to be disclosed under s.317(1)(a) of the SFO	399,053,500	12.57%
Hero Fine (Note 4)	Beneficial owner	293,271,152	9.24%
Right Rich (Note 5)	Beneficial owner	254,715,000	8.02%
	Interests of other parties to an agreement required to be disclosed under s.317(1)(a) of the SFO	1,443,385,000	45.47%
Peace Kind (Note 6)	Beneficial owner	144,338,500	4.55%
	Interests of other parties to an agreement required to be disclosed under s.317(1)(a) of the SFO	1,553,761,500	48.95%

Notes:

1. Ordinary share(s) of HK$0.10 each in the capital of the Company.

2. As at 30 June 2019, the number of shares in issue was 3,174,071,756 shares.

3. Plus Earn is legally and beneficially owned as to 100% by Mr. Kong Jianmin. For the purpose of the SFO, Plus Earn is interested and deemed to be interested in a total of 1,698,100,000 shares of the Company including (i) 1,299,046,500 shares directly held by it; (ii) 254,715,000 shares held by Right Rich; and (iii) 144,338,500 shares held by Peace Kind pursuant to the Shareholders' Agreement.

4. Hero Fine is legally and beneficially owned as to 100% by Mr. Kong Jianmin.

5. Right Rich is legally and beneficially owned as to 100% by Mr. Kong Jiantao. For the purpose of the SFO, Right Rich is interested and deemed to be interested in a total of 1,698,100,000 shares of the Company including (i) 254,715,000 shares directly held by it; (ii) 1,299,046,500 shares held by Plus Earn; and (iii) 144,338,500 shares held by Peace Kind pursuant to the Shareholders' Agreement.

6. Peace Kind is legally and beneficially owned as to 100% by Mr. Kong Jiannan. For the purpose of the SFO, Peace Kind is interested and deemed to be interested in a total of 1,698,100,000 shares of the Company including (i) 144,338,500 shares directly held by it; (ii) 1,299,046,500 shares held by Plus Earn; and (iii) 254,715,000 shares held by Right Rich pursuant to the Shareholders' Agreement.

Save as disclosed above, as at 30 June 2019, no other person (other than the Directors or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Corporate Governance Code

The Group believes that sound and good corporate governance practices are not only key elements in enhancing investor's confidence and the Company's accountability and transparency, but also important to the Company's long-term success. The Group, therefore, strives to attain and maintain effective corporate governance practices and procedures. The Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2019.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. Having made specific enquiries with all Directors, the Company confirmed that all Directors have complied with the required standards set out in the Model Code during the six months ended 30 June 2019.

Change in Director's Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of certain Directors subsequent to the date of the 2018 Annual Report are set out below:

- Mr. Lee Ka Sze, Carmelo JP, has been appointed as a chairman of the Listing Review Committee of the Stock Exchange with effect from 5 July 2019. He resigned as a non-executive director of Planetree International Development Limited (formerly known as Yugang International Limited) (a company listed on the Main Board of the Stock Exchange, stock code: 613) and Hopewell Holdings Limited (a company listed on the Main Board of the Stock Exchange prior to its withdrawal of listing in May 2019) with effect from 30 April 2019 and 3 May 2019, respectively.

- Mr. Tsui Kam Tim resigned as the Company's (i) executive Director; (ii) Chief Financial Officer; (iii) Company Secretary; (iv) authorized representative as required under Rule 3.05 of the Listing Rules; and (v) authorized representative for accepting service of process and notices on behalf of the Company as required under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and Rule 19.05(2) of the Listing Rules with effect from 12 August 2019.

Review of Interim Results

The unaudited condensed consolidated interim results of the Group and the Company's interim report for the six months ended 30 June 2019 have been reviewed by the Audit Committee of the Company.

Share Option Scheme

Pursuant to the shareholder's resolutions of the Company passed on 9 February 2018, the Company has adopted a new share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who will contribute and had contributed to the success of the Group's operations.

The maximum number of shares that may be issued upon the exercise of the options that may be granted under the Share Option Scheme is 315,515,505 shares, being 10% of the total number of issued shares as at the date of the adoption of the Share Option Scheme.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each eligible participant in any 12-month period up to and including the date of grant shall not exceed 1% of the shares in issue as at the date of grant.

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of (i) the official closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

The Share Option Scheme will remain in force for a period of 10 years, commencing from 9 February 2018.

Please refer to the Appendix to the circular of the Company dated 24 January 2018 for further details on the principal terms and conditions of the Share Option Scheme.

As at 30 June 2019, the details and changes of the Share Option Scheme are as follows:

			Number of share options						
Grantees	**Date of grant**	**Exercise period**	**as at 1 January 2019**	**Granted during the period**	**Exercised during the period**	**Cancelled/ lapsed during the period**	**as at 30 June 2019**	**Exercise price per share** (HK$)	**Closing price per share immediately before the date of grant** (HK$)
Employees (Note 2)	13 February 2018	(Note 1)	1,569,000	–	–	–	1,569,000	11.12	10.70
			1,569,000	–	–	–	1,569,000		

Notes:

1. (i) One-third of the respective options granted are exercisable from the first anniversary of the date of grant (i.e. 13 February 2019); (ii) one-third of the respective options granted are exercisable from the second anniversary of the date of grant (i.e. 13 February 2020); and (iii) the respective remaining options granted are exercisable from the date of the third anniversary of the date of grant (i.e. 13 February 2021).

2. During the six months ended 30 June 2019, all of the options were granted to certain employees of the Group. None of the grantees is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates (as defined in the Listing Rules).

Valuation of Share Options

The Company has been using the binomial model (the "Model") to value the share options granted. The fair value of the share options determined at the date of grant using the Model was approximately RMB3,282,000. The fair value of options was estimated on the date of grant using the following assumptions:

Dividend Yield	7.18%
Expected Volatility	43.35%
Risk-free Interest Rate	0.841%
Expected Life of Share Options (years)	4 years
Weighted Average Share Price	HK$11.12

For the six months ended 30 June 2019, the Group has recognised approximately RMB580,000 of share-based payment expense in the statement of profit or loss (30 June 2018: RMB719,000).

Share Award Scheme

A share award scheme (the "Share Award Scheme") was adopted by the Board on 19 January 2018 (the "Adoption Date") in order to recognize and motivate the contributions by certain employees of the Company and/or member of the Group (the "Eligible Participant(s)") and to give incentives thereto in order to retain them for the continual operation and development of the Group; to attract suitable personnel for further development of the Group; and to provide certain employees with a direct economic interest in attaining a long-term relationship between the Group and certain employees. Subject to the rules of the Share Award Scheme (the "Scheme Rules"), the Board may, from time to time, at its absolute discretion select any Eligible Participant (other than any excluded participant as defined under the Scheme Rules) for participation in the Share Award Scheme as a selected participant (the "Selected Participant"), and determine the number of shares to be granted to the Selected Participant.

The Share Award Scheme shall be valid and effective for a term of 10 years commencing on the date of adoption. Pursuant to the Share Award Scheme, the trustee, Computershare Hong Kong Trustees Limited and any additional or replacement trustee, shall purchase from the open market or subscribe for the relevant number of shares awarded and shall hold such shares on trust for the Selected Participants until they are vested in the relevant Selected Participant in accordance with the provisions of the Share Award Scheme. The Board, through its authorized representative(s), shall cause to pay to the trustee the subscription or purchase price for the shares and the related expenses from the Company's resources.

The Board shall not make any further award of awarded shares which will result in the total number of Shares granted under the Share Award Scheme exceeding 5% of the total number of issued Shares of the Company from the date of adoption. Details of the Scheme Rules are set out in the announcement of the Company dated 19 January 2018.

Since the Adoption Date and up to 30 June 2019, a total of 6,645,000 awarded shares had been awarded under the Share Award Scheme. The vesting of the awarded shares is subject to the conditions as set out in the Share Award Scheme and the fulfillment of such conditions as specified by the Board.

During the six months ended 30 June 2019, details of the awarded shares under the Share Award Scheme are set out below:

			Number of shares				
Awardees	**Date of grant**	**Vesting period**	**as at 1 January 2019**	**Awarded during the period**	**Vested during the period**	**Lapsed during the period**	**as at 30 June 2019**
Mr. Tsui Kam Tim *(Executive Director)*	19 January 2018	(Note 1)	298,500	–	99,500	–	199,000
(resigned on 12 August 2019)	8 April 2019	(Note 2)	–	148,500	–	–	148,500
Mr. Cai Fengjia *(Executive Director)*	19 January 2018	(Note 1)	277,500	–	92,500	–	185,000
	8 April 2019	(Note 2)	–	138,000	–	–	138,000
Directors of certain subsidiaries of the Company	19 January 2018	(Note 1)	1,852,500	–	617,500	–	1,235,000
	8 April 2019	(Note 2)	–	636,000	–	–	636,000
Other independent Eligible Participants	19 January 2018	(Note 1)	1,639,500	–	546,500	184,000	909,000
	18 October 2018	(Note 1)	192,000	–	64,000	–	128,000
	8 April 2019	(Note 2)	–	1,137,000	–	69,000	1,068,000
			4,260,000	2,059,500	1,420,000	253,000 (Note 3)	4,646,500

Notes:

1. (i) One-third of the awarded shares were vested on 19 January 2019; (ii) one-third of the awarded shares shall be vested on 19 January 2020; and (iii) the remaining one-third of the awarded shares shall be vested on 19 January 2021, or an earlier date as approved by the Board.

2. (i) One-third of the awarded shares shall be vested on 8 April 2020; (ii) one-third of the awarded shares shall be vested on 8 April 2021; and (iii) the remaining one-third of the awarded shares shall be vested on 8 April 2022, or an earlier date as approved by the Board.

3. Pursuant to the Share Award Scheme, 253,000 awarded shares lapsed upon the resignation of certain awardees.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

Disclosures Pursuant to Rule 13.18 of the Listing Rules

Facility Agreement dated 27 January 2017

On 27 January 2017, the Company as borrower, and certain of the subsidiaries of the Company, as original guarantors, entered into a facility agreement (the "Facility Agreement I") with, among others, Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank (Hong Kong) Limited, The Bank of East Asia, Limited and Chong Hing Bank Limited as original lenders, Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank (Hong Kong) Limited and The Bank of East Asia, Limited, as mandated lead arrangers and bookrunners and Standard Chartered Bank (Hong Kong) Limited as agent in relation to a transferrable dual currency term loan facility in the amount of HK$1,485,000,000 and US$150,000,000 respectively with a greenshoe option of US$250,000,000 to the Company for a term of 48 months commencing from the date of the Facility Agreement I.

Pursuant to the terms of the Facility Agreement I, the Company has undertaken to procure that Mr. Kong Jianmin, being the controlling shareholder of the Company, at all times: (i) beneficially owns not less than 35% of the entire issued share capital, voting rights and control of the Company; (ii) is the single largest shareholder of the Company; and (iii) is the chairman of the board of directors of the Company. Failure to comply with any of the above undertakings will constitute an event of default under the Facility Agreement I. Further details of the transaction are disclosed in the announcement of the Company dated 27 January 2017.

Facility Agreement dated 5 June 2018

On 5 June 2018, the Company, as the borrower, and certain of the subsidiaries of the Company, as the original guarantors, entered into a facility agreement (the "Facility Agreement II") with, among others, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank (Hong Kong) Limited as original lenders, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank (Hong Kong) Limited as mandated lead arrangers and bookrunners and Standard Chartered Bank (Hong Kong) Limited as agent in relation to a transferrable HKD and USD dual currency term loan facility with a greenshoe option of US$500 million to the Company for a term of 48 months commencing from the date of the Facility Agreement II.

Pursuant to the terms of the Facility Agreement II, among others, the Company has undertaken to procure that Mr. Kong Jianmin, being the controlling shareholder of the Company, at all times: (i) beneficially owns not less than 35% of the entire issued share capital, voting rights and control of the Company; (ii) is the single largest shareholder of the Company; and (iii) is the chairman of the board of directors of the Company. Failure to comply with any of the above undertakings will constitute as an event of default under the Facility Agreement II. Further details of the transaction are disclosed in the announcement of the Company dated 5 June 2018.

Interim Dividend

To appreciate the long-term support of shareholders of the Company (the "Shareholders"), the Board resolved to declare an interim dividend of RMB32 cents per share for the six months ended 30 June 2019. The interim dividend shall be declared in RMB and payable in cash in Hong Kong dollars and expected to be paid on or around Thursday, 16 January 2020 to the Shareholders whose names appear on the register of members of the Company on Friday, 20 September 2019.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 16 September 2019 to Friday, 20 September 2019 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all transfer documents and the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Friday, 13 September 2019.

PROJECT SUMMARY

Guangzhou – 26 projects

Total Attributable GFA approximately 4,021,000 sqm

- The Summit
- International Metropolitan Plaza
- Tian Hui Plaza (including The Riviera and Top Plaza)
- The Star
- Top of World
- The Eden
- Zengcheng Gua Lv Lake
- Essence of City
- International Commerce Place
- CFC (including Mayfair and International Finance East)
- The Horizon
- Fortunes Season
- Nansha River Paradise
- The Jadeite (formerly known as Guangzhou Tianhe Project)
- V-city
- Montkam Garden (formerly known as Guangzhou Baiyun Project)
- E-city
- Guangzhou Science City Hotel Project
- Guangzhou New Financial City Project
- Guangzhou Huadu Shiling Project
- Guangzhou Zengcheng Luogang Project
- IFP
- Four Points by Sheraton Guangzhou, Dongpu
- The Mulian Huadu
- W Hotel/W Serviced Apartments
- The Mulian Guangzhou

Foshan – 5 projects

Total Attributable GFA approximately 1,388,000 sqm

- Oriental Bund
- The Riviera
- One Palace
- Foshan Apex
- China Image (formerly known as Foshan Longjiang Project)

Huizhou – 1 project

Total Attributable GFA approximately 371,000 sqm

- Life in Yueshan County

Zhaoqing – 2 projects

Total Attributable GFA approximately 254,000 sqm

- Vision of World
- River View Mansion (formerly known as Zhaoqing Duanzhou Project)

Shenzhen – 2 projects

Total Attributable GFA approximately 188,000 sqm

- Shenzhen Bantian Project
- KWG Topchain City Center (formerly known as Shenzhen Yantian Project)

Jiangmen – 2 projects

Total Attributable GFA approximately 169,000 sqm

- The Horizon
- Jiangmen Apex

Dongguan – 2 projects

Total Attributable GFA approximately 76,000 sqm

- Art Wanderland (formerly known as Dongguan Shipai Project)
- Dongguan Hengli Project

Zhongshan – 1 project

Total Attributable GFA approximately 67,000 sqm

- The Moon Mansion

Hong Kong – 2 projects

Total Attributable GFA approximately 62,000 sqm

- Hong Kong Ap Lei Chau Project
- Upper RiverBank (formerly known as Hong Kong Kai Tak Project)

Suzhou – 11 projects

Total Attributable GFA approximately 428,000 sqm

- The Sapphire
- Suzhou Apex
- Suzhou Emerald
- Leader Plaza
- Wan Hui Plaza
- Suzhou Jade Garden
- Enjoy The Exquisite Life
- Orient Aesthetics
- Orient Moon Bay
- The Moon Mansion
- Suzhou Taihu New Town Project

Shanghai – 7 projects

Total Attributable GFA approximately 411,000 sqm

- International Metropolis Plaza
- The Core of Center
- Shanghai Apex
- Shanghai Sapphire
- Amazing Bay
- Vision of World
- Glory Palace

Hefei – 4 projects

Total Attributable GFA approximately 368,000 sqm

- Water Moon (formerly known as City Moon I)
- City Moon (formerly known as City Moon II)
- The One
- Park Mansion

Taizhou – 5 projects

Total Attributable GFA approximately 310,000 sqm

- Top of World Residence I
- Top of World Residence II
- Linhai Mansion
- Star Mansion
- Linhai CBD Project

Nantong – 2 projects

Total Attributable GFA approximately 209,000 sqm

- Serenity in Prosperity
- Oriental Beauty

Yangzhou – 1 project

Total Attributable GFA approximately 197,000 sqm

- Yangzhou Apex

Hangzhou – 7 projects

Total Attributable GFA approximately 195,000 sqm

- The Mulian Hangzhou
- The Moon Mansion
- Sky Ville
- Majestic Mansion
- Puli Oriental
- Hangzhou Linping Project
- Hangzhou Tangqi Project

Wuxi – 4 projects

Total Attributable GFA approximately 173,000 sqm

- Oriental Mansion
- Wuxi Huishan Project
- Exquisite Palace
- Star Mansion

Xuzhou – 4 projects

Total Attributable GFA approximately 147,000 sqm

- Exquisite Bay
- Fragrant Season
- Xuzhou Tongshan Project I
- Xuzhou Tongshan Project II

Jiaxing – 3 projects

Total Attributable GFA approximately 138,000 sqm

- Majestic Mansion
- Star City
- Jiashan Yaozhuang Project

Ningbo – 2 projects

Total Attributable GFA approximately 121,000 sqm

- Parkview Place (formerly known as Ningbo Beilun Project)
- Ningbo Yinzhou Project

Taicang – 1 project

Total Attributable GFA approximately 118,000 sqm

- Jiangsu Taicang Project

Wenzhou – 1 project

Total Attributable GFA approximately 112,000 sqm

- Cullinan Mansion

Lishui – 1 project

Total Attributable GFA approximately 58,000 sqm

- Liu Xiang Mansion

Nanjing – 3 projects

Total Attributable GFA approximately 55,000 sqm

- Shine City
- Nanjing Yuhuatai Project
- Nanjing Lukou Project

Changshu – 2 projects

Total Attributable GFA approximately 41,000 sqm

- Fragrant Season
- Changshu Qinhu Project

Tianjin – 4 projects

Total Attributable GFA approximately 951,000 sqm

- Jinnan New Town
- Tianjin The Cosmos
- Tianjin Jinghai Project
- Tianjin Apex

Beijing – 11 projects

Total Attributable GFA approximately 615,000 sqm

- Fragrant Seasons
- La Villa
- Beijing Apex
- M•Cube
- Summer Terrace
- KWG Center I
- KWG Center II
- Rose and Ginkgo Mansion
- The Core of Center
- Beijing Niulanshan 1107# Project
- Link Chang 'an

Jinan – 3 projects

Total Attributable GFA approximately 203,000 sqm

- Jinan Zhangqiu Project
- Jinan Zhang Ma Tun C6# Project
- Jinan Zhang Ma Tun C8# Project

Nanning – 7 projects

Total Attributable GFA approximately 1,505,000 sqm

- The Core of Center
- International Finance Place
- Top of World
- Fragrant Season
- Impression Discovery Bay I
- Impression Discovery Bay II
- The Horizon

Liuzhou – 2 projects

Total Attributable GFA approximately 1,290,000 sqm

- The Moon Mansion
- Fortunes Season

Chengdu – 4 projects

Total Attributable GFA approximately 1,124,000 sqm

- The Vision of the World
- Chengdu Cosmos
- Chengdu Sky Ville
- Yunshang Retreat

Chongqing – 6 projects

Total Attributable GFA approximately 612,000 sqm

- The Riviera Chongqing
- The Cosmos Chongqing
- The Moon Mansion
- Chongqing Jiangzhou Jinyun Project (formerly known as Chongqing Two River New District Project C43–1/02#)
- Chongqing Longjing Xuefu Project
- Chongqing Jingyuetai Project

Hainan – 3 projects

Total Attributable GFA approximately 533,000 sqm

- Pearl Coast
- Villa Como
- Hainan Lingao Project

Meishan – 2 projects

Total Attributable GFA approximately 475,000 sqm

- Meishan Apex
- Meishan Nanhu Peninsula Project

Wuhan – 3 projects

Total Attributable GFA approximately 340,000 sqm

- Joyful Season
- The Buttonwood Season I
- The Buttonwood Season II

Wuzhou – 1 project

Total Attributable GFA approximately 73,000 sqm

- KWG Qidi Ice Town

Chenzhou – 1 project

Total Attributable GFA approximately 285,000 sqm

- Chenzhou Wangxian Eco-tourism Project

Xi'an – 1 project

Total Attributable GFA approximately 37,000 sqm

- Xi'an Yanta Project

Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
REVENUE	4	**10,647,120**	3,463,738
Cost of sales		**(6,915,418)**	(2,385,854)
Gross profit		**3,731,702**	1,077,884
Other income and gains, net	4	**1,139,729**	1,673,900
Selling and marketing expenses		**(374,853)**	(208,110)
Administrative expenses		**(912,853)**	(546,104)
Other operating expenses, net		**(9,114)**	(1,381)
Fair value gains on investment properties, net		**3,054,930**	1,185,987
Finance costs	5	**(1,004,738)**	(641,782)
Share of profits and losses of:			
Associates		**82,259**	(2,443)
Joint Ventures		**2,600,096**	387,933
PROFIT BEFORE TAX	6	**8,307,158**	2,925,884
Income tax expenses	7	**(2,157,922)**	(761,666)
PROFIT FOR THE PERIOD		**6,149,236**	2,164,218
Attributable to:			
Owners of the Company		**5,963,507**	2,171,439
Non-controlling interests		**185,729**	(7,221)
		6,149,236	2,164,218
Earnings per share attributable to owners of the Company			
– Basic	9	**RMB187.9 cents**	RMB68.8 cents
– Diluted	9	**RMB187.7 cents**	RMB68.8 cents

The notes on pages 42 to 74 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**6,149,236**	2,164,218
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	**(111,051)**	(175,954)
Share of exchange differences on translation of joint ventures	**(9,225)**	(36,130)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(120,276)**	(212,084)
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	**(26,787)**	(34,271)
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods	**(26,787)**	(34,271)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(147,063)**	(246,355)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**6,002,173**	1,917,863
Attributable to:		
Owners of the Company	**5,816,444**	1,925,084
Non-controlling interests	**185,729**	(7,221)
	6,002,173	1,917,863

The notes on pages 42 to 74 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**6,074,957**	5,351,448
Investment properties		**24,489,422**	17,490,590
Land use rights		**1,146,761**	1,109,471
Interests in associates		**3,759,286**	3,452,270
Interests in joint ventures		**37,850,682**	34,715,581
Deferred tax assets		**1,627,934**	1,642,044
Other non-current assets		**211,928**	—
Total non-current assets		**75,160,970**	63,761,404
CURRENT ASSETS			
Properties under development		**48,256,144**	47,302,324
Completed properties held for sale		**9,613,461**	8,919,658
Trade receivables	11	**2,025,544**	957,665
Prepayments, other receivables and other assets		**7,791,101**	6,406,463
Due from a joint venture	20(ii)	**30,058**	30,069
Tax recoverables		**691,186**	482,606
Restricted cash		**3,069,703**	4,099,329
Cash and cash equivalents		**55,487,905**	52,577,643
Total current assets		**126,965,102**	120,775,757
CURRENT LIABILITIES			
Trade and bills payables	12	**5,207,120**	4,077,063
Lease liabilities		**240,914**	—
Other payables and accruals		**24,498,417**	22,517,471
Due to joint ventures	20(ii)	**37,488,248**	39,294,914
Due to associates	20(ii)	**1,038,266**	592,204
Interest-bearing bank and other borrowings	13	**12,320,219**	17,363,932
Tax payables		**7,920,257**	6,851,772
Total current liabilities		**88,713,441**	90,697,356
NET CURRENT ASSETS		**38,251,661**	30,078,401
TOTAL ASSETS LESS CURRENT LIABILITIES		**113,412,631**	93,839,805

Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		**113,412,631**	93,839,805
NON-CURRENT LIABILITIES			
Lease liabilities		**1,919,462**	—
Interest-bearing bank and other borrowings	13	**73,641,305**	60,418,315
Deferred tax liabilities		**2,332,498**	1,647,439
Deferred revenue		**2,042**	2,042
Total non-current liabilities		**77,895,307**	62,067,796
NET ASSETS		**35,517,324**	31,772,009
EQUITY			
Equity attributable to owners of the Company			
Issued capital	14	**303,909**	303,909
Treasury shares		**—**	(125)
Reserves		**33,400,795**	28,474,780
		33,704,704	28,778,564
Non-controlling interests		**1,812,620**	2,993,445
TOTAL EQUITY		**35,517,324**	31,772,009

The notes on pages 42 to 74 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

		Attributable to owners of the Company											
	Notes	Issued capital RMB'000 (Unaudited)	Share premium account RMB'000 (Unaudited)	Treasury shares RMB'000 (Unaudited)	Reserve funds RMB'000 (Unaudited)	Exchange fluctuation reserve RMB'000 (Unaudited)	Asset revaluation reserve RMB'000 (Unaudited)	Employee share based compensation reserve RMB'000 (Unaudited)	Capital reserve RMB'000 (Unaudited)	Retained profits RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Non-controlling interests RMB'000 (Unaudited)	Total equity RMB'000 (Unaudited)
At 1 January 2018		302,355	5,295,047	–	1,410,265	(271,606)	29,175	–	(57,546)	20,899,594	27,607,284	638,409	28,245,693
Profit for the period		–	–	–	–	–	–	–	–	2,171,439	2,171,439	(7,221)	2,164,218
Other comprehensive loss for the period:													
Exchange differences on translation into presentation currency		–	–	–	–	(210,225)	–	–	–	–	(210,225)	–	(210,225)
Share of exchange differences on translation of joint ventures		–	–	–	–	(36,130)	–	–	–	–	(36,130)	–	(36,130)
Total comprehensive income/(loss) for the period		–	–	–	–	(246,355)	–	–	–	2,171,439	1,925,084	(7,221)	1,917,863
Share based compensation expense		–	–	–	–	–	–	12,744	–	–	12,744	–	12,744
Final 2017 dividend declared		–	(978,098)	–	–	–	–	–	–	–	(978,098)	–	(978,098)
Contribution from the non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	–	–	–	1,296,723	1,296,723
Derecognition of a subsidiary		–	–	–	–	–	–	–	–	–	–	(537,387)	(537,387)
Acquisition of a subsidiary		–	–	–	–	–	–	–	–	–	–	198,065	198,065
Transfer to reserves		–	–	–	89,844	–	–	–	–	(89,844)	–	–	–
At 30 June 2018		302,355	4,316,949	–	1,500,109	(517,961)	29,175	12,744	(57,546)	22,981,189	28,567,014	1,588,589	30,155,603
At 31 December 2018 (audited)		303,909	3,653,876	(125)	1,597,904	(1,524,775)	29,175	28,776	(57,546)	24,747,370	28,778,564	2,993,445	31,772,009
Effect of adoption of HKFRS 16	3	–	–	–	–	–	–	–	–	38,877	38,877	–	38,877
At 1 January 2019 (restated) (unaudited)		303,909	3,653,876	(125)	1,597,904	(1,524,775)	29,175	28,776	(57,546)	24,786,247	28,817,441	2,993,445	31,810,886
Profit for the period		–	–	–	–	–	–	–	–	5,963,507	5,963,507	185,729	6,149,236
Other comprehensive loss for the period:													
Exchange differences on translation into presentation currency		–	–	–	–	(137,838)	–	–	–	–	(137,838)	–	(137,838)
Share of exchange differences on translation of joint ventures		–	–	–	–	(9,225)	–	–	–	–	(9,225)	–	(9,225)
Total comprehensive income/(loss) for the period		–	–	–	–	(147,063)	–	–	–	5,963,507	5,816,444	185,729	6,002,173
Issue of awarded shares		–	–	125	–	–	–	(125)	–	–	–	–	–
Share-based compensation expense		–	–	–	–	–	–	9,646	–	–	9,646	–	9,646
Final 2018 dividend declared		–	(983,962)	–	–	–	–	–	–	–	(983,962)	–	(983,962)
Contribution from the non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	–	–	–	72,976	72,976
Derecognition of subsidiaries		–	–	–	–	–	–	–	–	–	–	(1,175,330)	(1,175,330)
Non-controlling interests arising from business combination		–	–	–	–	–	–	–	–	–	–	4,197	4,197
Acquisition of non-controlling interests		–	–	–	–	–	–	–	45,135	–	45,135	(278,397)	(233,262)
Partial disposal interest of a subsidiary		–	–	–	–	–	–	–	–	–	–	10,000	10,000
Transfer to reserves		–	–	–	219,069	–	–	–	–	(219,069)	–	–	–
At 30 June 2019		303,909	2,669,914*	–	1,816,973*	(1,671,838)*	29,175*	38,297*	(12,411)*	30,530,685*	33,704,704	1,812,620	35,517,324

* These reserve accounts comprise the consolidated reserves of approximately RMB33,400,795,000 (31 December 2018: approximately RMB28,474,780,000) in the condensed consolidated statement of financial position.

The notes on pages 42 to 74 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**8,307,158**	2,925,884
Adjustments for:			
Finance costs	5	**1,004,738**	641,782
Share of profits and losses of joint ventures		**(2,600,096)**	(387,933)
Share of profits and losses of associates		**(82,259)**	2,443
Share based compensation expenses		**9,646**	12,744
Interest income	4	**(401,857)**	(275,874)
Loss/(gain) on disposal of items of property, plant and equipment	6	**172**	(146)
Gain on disposal of a subsidiary	17	**—**	(1,167,368)
Depreciation	6	**108,208**	68,540
Amortisation of land use rights	6	**5,824**	4,298
Changes in fair values of investment properties, net		**(3,054,930)**	(1,185,987)
Gain on disposal of a joint venture	4	**(134,095)**	—
Gain on acquisition of a joint venture	4	**(129,350)**	—
Cash flows from operations before changes in working capital		**3,033,159**	638,383
Changes in working capital		**(4,326,295)**	(7,397,723)
Cash used in operations		**(1,293,136)**	(6,759,340)
Interest paid, net		**(1,980,389)**	(1,257,902)
Income tax paid		**(635,414)**	(743,756)
Net cash flows used in operating activities		**(3,908,939)**	(8,760,998)

Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Net cash flows used in operating activities		**(3,908,939)**	(8,760,998)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(268,171)**	(258,168)
Proceeds from disposal of items of property, plant and equipment		**8,418**	332
Investments in and advance to joint ventures		**(1,164,707)**	(208,764)
Investments in associates		**(248,180)**	(3,300)
Repayment from associates		**23,175**	169,097
Acquisition of a subsidiary	15	**(3,784)**	—
Acquisition of joint ventures		**(145,218)**	(160,043)
Acquisition of an associate		**—**	(749,700)
Derecognition of subsidiaries	16	**(574,299)**	(26,058)
Disposal of a joint venture		**264,600**	—
Disposal of a subsidiary	17	**—**	1,872,881
Dividend received from joint ventures		**594,167**	—
Acquisition of non-controlling interests		**(94,372)**	—
Partial disposal interest of a subsidiary		**10,000**	—
Net cash flows (used in)/generated from investing activities		**(1,598,371)**	636,277
CASH FLOWS FROM FINANCING ACTIVITIES			
Contribution from the non-controlling shareholders of subsidiaries		**72,976**	1,296,723
Net proceeds from senior notes		**1,162,403**	—
Net proceeds from bank and other borrowings		**7,936,847**	5,537,939
Dividend paid		**(788,789)**	—
Net cash flows from financing activities		**8,383,437**	6,834,662
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2,876,127**	(1,290,059)
Cash and cash equivalents at beginning of the period		**52,577,643**	39,198,957
Effect of foreign exchange rate changes, net		**34,135**	6,713
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**55,487,905**	37,915,611
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**25,615,808**	21,199,451
Non-pledged time deposits with original maturity of less than three months when acquired		**29,872,097**	16,716,160
Cash and cash equivalents		**55,487,905**	37,915,611

The notes on pages 42 to 74 form an integral part of this condensed consolidated interim financial information.

Notes to Condensed Consolidated Interim Financial Information

1. Corporate Information

KWG Group Holdings Limited ("KWG" or the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

During the period, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities in Mainland China and Hong Kong:

- Property development
- Property investment
- Property management
- Hotel operation

In the opinion of the directors, the immediate and ultimate holding company of the Company is Plus Earn Consultants Limited, which is incorporated in the British Virgin Islands.

The unaudited condensed consolidated interim financial information was reviewed by the audit committee of the Company and approved by the board of directors of the Company (the "Board") for issue on 28 August 2019.

2. Basis of Preparation

The unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, HKASs and Interpretations).

3. Changes to the Group's Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised HKFRSs effective as of 1 January 2019.

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

Other than as explained below regarding the impact of HKFRS 16 *Leases*, the new and revised standards above will not have a material effect on the Group's interim condensed consolidated financial information. The nature and impact of HKFRS 16 *Leases* are described below:

HKFRS 16

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

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

New definition of a lease

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

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

3. Changes to the Group's Accounting Policies (Continued)

HKFRS 16 (Continued)

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

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

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments and initial direct costs relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets included in property, plant and equipment, investment properties, land use rights, properties under development and completed properties held for sale in the statement of financial position.

For the leasehold land and buildings (that were held to earn rental income) previously identified as operating leases, the Group included them as investment properties at 1 January 2019. They are measured at fair value applying HKAS 40.

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

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

3. Changes to the Group's Accounting Policies (Continued)

HKFRS 16 (Continued)

As a lessee — Leases previously classified as operating leases (Continued)

Impacts on transition (Continued)

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	Increase/ (decrease) RMB'000 (Unaudited)
Assets	
Increase in property, plant and equipment	437,847
Increase in investment properties	1,406,000
Increase in land use rights	31,465
Decrease in prepayments, other receivables and other assets	(44,542)
Increase in total assets	1,830,770
Liabilities	
Increase in lease liabilities	2,097,472
Increase in deferred tax liabilities	12,959
Decrease in other liabilities	(318,538)
Increase in total liabilities	1,791,893
Increase in retained earnings	38,877

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

	RMB'000 (Unaudited)
Operating lease commitments as at 31 December 2018	2,206,028
Weighted average incremental borrowing rate as at 1 January 2019	5.00%
Discounted operating lease commitments as at 1 January 2019	1,781,603
Add: Other lease commitments	315,869
Lease liabilities as at 1 January 2019	2,097,472

3. Changes to the Group's Accounting Policies (Continued)

HKFRS 16 (Continued)

Summary of new accounting policies

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

Right-of-use assets

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

Lease liabilities

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

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

Significant judgement in determining the lease term of contracts with renewal options

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

3. Changes to the Group's Accounting Policies (Continued)

HKFRS 16 (Continued)

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The movement of the carrying amounts of the Group's right-of-use assets (excluded the lands and buildings owned by the Group within the property, plant and equipment, land use rights, properties under development, completed properties held for sale and investment properties) and lease liabilities and the movement during the period are as follow:

	Right-of-use assets				
	Buildings RMB'000	Vehicles RMB'000	Property, plant and equipment sub-total RMB'000	Investment properties RMB'000	Lease liabilities RMB'000
As at 1 January 2019	437,847	474,336	912,183	1,406,000	2,097,472
Additions	107,243	—	107,243	1,047	101,968
Depreciation charge	(26,854)	(15,262)	(42,116)	—	—
Interest expense	—	—	—	—	59,382
Decrease in fair value	—	—	—	(16,047)	—
Payments	—	—	—	—	(98,446)
As at 30 June 2019	518,236	459,074	977,310	1,391,000	2,160,376

The Group recognised rental expenses from short-term leases of approximately RMB3,707,000, no variable lease payments and rental income from subleasing right-of-use assets, which were subsequently transferred to investment properties, of approximately RMB10,708,000 for the six months ended 30 June 2019.

4. Revenue, Other Income and Gains, Net and Operating Segment Information

Revenue, which is also the Group's turnover, represents the gross proceeds from the sale of properties, gross rental income received and receivable from investment properties, gross revenue from hotel operation and property management fee income during the period.

An analysis of revenue, other income and gains, net is as follows:

		Six months ended 30 June	
		2019	2018
	Note	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)
Revenue:			
Revenue from contracts with customers			
Sale of properties		**9,712,757**	2,853,411
Hotel operation income		**250,696**	222,704
Property management fee income		**363,239**	252,876
Revenue from other sources			
Gross rental income		**320,428**	134,747
		10,647,120	3,463,738
Other income and gains, net:			
Interest income		**401,857**	275,874
Management fee income		**197,459**	68,353
Foreign exchange differences, net		**44,440**	114,082
Gain on disposal of a subsidiary	17	**—**	1,167,368
Gain on disposal of a joint venture		**134,095**	—
Gain on acquisition of a joint venture		**129,350**	—
Others		**232,528**	48,223
		1,139,729	1,673,900

For management purposes, the Group is organised into four reportable operating segments as follows:

(a) Property development: Sale of properties
(b) Property investment: Leasing of properties
(c) Hotel operation: Operation of hotels
(d) Property management: Provision of property management services

4. Revenue, Other Income and Gains, Net and Operating Segment Information (Continued)

The property development projects undertaken by the Group during the period are mainly located in Mainland China and Hong Kong.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

The Group's revenue from contracts with customers is derived solely from its operations in Mainland China.

The Group's revenue from contracts with customers for the six months ended 30 June 2019 as follows:

	Property development RMB'000 (Unaudited)	Hotel operation RMB'000 (Unaudited)	Property management RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Type of revenue recognition:				
Sales of properties	9,712,757	–	–	9,712,757
Provision of services	–	250,696	363,239	613,935
Total revenue from contracts with customers	9,712,757	250,696	363,239	10,326,692
Timing of revenue recognition:				
Recognised at a point in time	8,147,438	–	–	8,147,438
Recognised over time	1,565,319	250,696	363,239	2,179,254
Total revenue from contracts with customers	9,712,757	250,696	363,239	10,326,692

4. Revenue, Other Income and Gains, Net and Operating Segment Information (Continued)

The Group's revenue from contracts with customers for the six months ended 30 June 2018 as follows:

	Property development RMB'000 (Unaudited)	Hotel operation RMB'000 (Unaudited)	Property management RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Type of revenue recognition:				
Sales of properties	2,853,411	—	—	2,853,411
Provision of services	—	222,704	252,876	475,580
Total revenue from contracts with customers	2,853,411	222,704	252,876	3,328,991
Timing of revenue recognition:				
Recognised at a point in time	2,853,411	—	—	2,853,411
Recognised over time	—	222,704	252,876	475,580
Total revenue from contracts with customers	2,853,411	222,704	252,876	3,328,991

The segment results for the six months ended 30 June 2019 are as follows:

	Property development (Note) **RMB'000 (Unaudited)**	**Property investment RMB'000 (Unaudited)**	**Hotel operation RMB'000 (Unaudited)**	**Property management RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Segment revenue:					
Sales to external customers	**9,712,757**	**320,428**	**250,696**	**363,239**	**10,647,120**
Segment results	**5,563,020**	**3,322,175**	**71,163**	**50,453**	**9,006,811**
Reconciliation:					
Interest income and unallocated income					**1,139,729**
Unallocated expenses					**(834,644)**
Finance costs					**(1,004,738)**
Profit before tax					**8,307,158**
Income tax expenses					**(2,157,922)**
Profit for the period					**6,149,236**

4. Revenue, Other Income and Gains, Net and Operating Segment Information (Continued)

The segment results for the six months ended 30 June 2018 are as follows:

	Property development (Note) RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Hotel operation RMB'000 (Unaudited)	Property management RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue:					
Sales to external customers	2,853,411	134,747	222,704	252,876	3,463,738
Segment results	980,151	1,304,643	91,652	22,853	2,399,299
Reconciliation:					
Interest income and unallocated income					1,673,900
Unallocated expenses					(505,533)
Finance costs					(641,782)
Profit before tax					2,925,884
Income tax expenses					(761,666)
Profit for the period					2,164,218

Note: The segment results include share of profits and losses of joint ventures and associates.

5. Finance Costs

An analysis of the Group's finance costs is as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expenses	**2,953,005**	2,103,210
Less: Interest capitalised	**(1,948,267)**	(1,461,428)
	1,004,738	641,782

6. Profit Before Tax

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

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold	**6,513,656**	2,093,758
Less: Government grant released	**(195)**	(19)
	6,513,461	2,093,739
Depreciation	**108,208**	68,540
Amortisation of land use rights	**17,148**	15,924
Less: Amount capitalised in assets under construction	**(11,324)**	(11,626)
	5,824	4,298
Loss/(gain) on disposal of items of property, plant and equipment	**172**	(146)
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**760,366**	468,377
Share based compensation expenses	**8,331**	12,044
Pension scheme contributions	**60,198**	43,076
	828,895	523,497
Less: Amount capitalised in assets under construction, properties under development and investment properties under development	**(202,493)**	(122,306)
	626,402	401,191

7. Income Tax Expenses

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – in the People's Republic of China ("PRC")		
Corporate income tax ("CIT")	**854,346**	492,493
Land appreciation tax ("LAT")	**640,951**	158,202
	1,495,297	650,695
Deferred	**662,625**	110,971
Total tax charge for the period	**2,157,922**	761,666

For the six months ended 30 June 2019, the share of CIT expense and LAT expense attributable to the joint ventures amounting to approximately RMB883,772,000 (2018: approximately RMB133,545,000) and approximately RMB435,145,000 (2018: approximately RMB354,599,000), respectively, are included in "Share of profits and losses of joint ventures" in the unaudited condensed consolidated statement of profit or loss.

For the six months ended 30 June 2019, the share of CIT expense and LAT expense attributable to the associates amounting to approximately RMB27,417,000 (2018: CIT credit of approximately RMB814,000) and approximately RMB4,673,000 (2018: Nil) are included in "Share of profits and losses of the associates" in the unaudited condensed consolidated statement of profit or loss.

Hong Kong profits tax

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2019 and 2018.

PRC CIT

PRC CIT in respect of operations in the PRC have been calculated at the applicable tax rate on the estimated assessable profits for the six months ended 30 June 2019 and 2018, based on existing legislation, interpretations and practices in respect thereof.

PRC LAT

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

8. Dividends

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interim dividend of RMB32 cents (2018: RMB25 cents) per ordinary share	**1,015,703**	788,789

Subsequent to the end of the reporting period, the Board declared the payment of an interim dividend of approximately RMB1,015,703,000 (six months ended 30 June 2018: approximately RMB788,789,000) representing RMB32 cents per share, based on the number of shares in issue as at 30 June 2019, in respect of the six months ended 30 June 2019 (six months ended 30 June 2018: RMB25 cents). The interim dividend for the period shall be made out of the share premium of the Company.

9. Earnings Per Share Attributable to Owners of the Company

The calculation of the basic earnings per share amounts for the six months ended 30 June 2019 is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 3,173,912,249 (30 June 2018: 3,155,155,055) in issue during the period.

For the six months ended 30 June 2019, the calculation of the diluted earnings per share amounts is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation of 3,173,912,249 (30 June 2018: 3,155,155,055) plus the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares of 3,816,704 (30 June 2018: 1,951,462).

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

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to owners of the Company	**5,963,507**	2,171,439

	Number of shares	
	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in basic earnings per share calculation	**3,173,912,249**	3,155,155,055
Effect of dilution – share options	**–**	16,815
Effect of dilution – awarded shares	**3,816,704**	1,934,647
Weighted average number of ordinary shares used in diluted earnings per share calculation	**3,177,728,953**	3,157,106,517

10. Property, Plant and Equipment

During the six months ended 30 June 2019, the Group had additions of property, plant and equipment at a total cost of approximately RMB400,669,000 (2018: approximately RMB270,065,000).

11. Trade Receivables

Trade receivables mainly consist of receivables from the sale of properties, rentals under operating leases, provision of property management services and hotel operation. The payment terms of the sale of properties are stipulated in the relevant sale and purchase agreements. An ageing analysis of the trade receivables as at the end of the reporting period is as follows:

	As at	
	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within 3 months	**1,591,426**	800,653
4 to 6 months	**35,995**	32,356
7 to 12 months	**321,946**	87,605
Over 1 year	**76,177**	37,051
	2,025,544	957,665

12. Trade and Bills Payables

An ageing analysis of the trade and bills payables as at the end of the reporting period is as follows:

	As at	
	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within one year	**5,207,120**	4,077,063

The trade and bills payables are non-interest-bearing and are normally settled on demand.

13. Interest-bearing Bank and Other Borrowings

	As at 30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Current		
Finance lease payable	–	64,057
Bank loans (c)		
– secured	1,672,922	2,809,608
– denominated in HK$, secured	2,023,922	808,119
– unsecured	73,000	–
Current portion of long-term bank loans (c)		
– secured	1,872,542	890,361
– denominated in HK$, secured	456,408	255,395
– denominated in US$, secured	217,612	126,576
– unsecured	859,460	312,318
Senior notes – denominated in US$, secured (a)	–	4,067,039
Domestic corporate bonds — unsecured (b)	5,144,353	8,030,459
	12,320,219	17,363,932
Non-current		
Finance lease payable	–	254,481
Bank loans (c)		
– secured	23,157,918	18,444,235
– denominated in HK$, secured	2,964,256	2,674,025
– denominated in US$, secured	1,527,944	1,674,694
– unsecured	2,839,000	1,787,700
Senior notes – denominated in US$, secured (a)	21,297,946	16,434,662
Domestic corporate bonds – unsecured (b)	21,854,241	19,148,518
	73,641,305	60,418,315
	85,961,524	77,782,247

(i) Certain items of the Group's borrowings are secured by buildings, land use rights, investment properties, properties under development and completed properties held for sale of the Group with total carrying values of approximately RMB35,566,662,000 as at 30 June 2019 (31 December 2018: approximately RMB29,252,817,000).

(ii) As at 30 June 2019 and 31 December 2018, the equity interests of certain subsidiaries of the Group were pledged to certain banks for the loans granted to the Group.

(iii) As at 30 June 2019 and 31 December 2018, the senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their equity interests.

Except for the above mentioned borrowings denominated in HK$ and US$, all borrowings were denominated in RMB as at 30 June 2019 and 31 December 2018. All of the Group's bank loans were charged at floating interest rates except for loan balances with an aggregate amount of approximately RMB7,142,837,000 (31 December 2018: approximately RMB4,045,630,000), which were charged at fixed interest rate as at 30 June 2019. The Group's senior notes and domestic corporate bonds were charged at fixed interest rates as at 30 June 2019 and 31 December 2018.

13. Interest-bearing Bank and Other Borrowings (Continued)

Notes:

(a) On 7 January 2014, the Company issued 8.975% senior notes with an aggregate principal amount of US$600,000,000 (equivalent to approximately RMB3,662,520,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 14 January 2019. The senior notes carry interest at a rate of 8.975% per annum, which is payable semi-annually in arrears on 14 January and 14 July of each year commencing on 14 July 2014. For further details on the senior notes, please refer to the related announcements of the Company dated 7 January 2014, 8 January 2014 and 14 January 2014. On 14 January 2019, the Company repaid the senior notes on maturity.

On 11 January 2017, the Company issued 6.00% senior notes with an aggregate principal amount of US$250,000,000 (equivalent to approximately RMB1,733,113,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 11 January 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 11 January and 11 July of each year, commencing on 11 July 2017. For further details on the senior notes, please refer to the related announcements of the Company dated 29 December 2016, 30 December 2016 and 11 January 2017.

On 15 March 2017, the Company issued 6.00% senior notes with an aggregate principal amount of US$400,000,000 (equivalent to approximately RMB2,772,980,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 15 September 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 15 March and 15 September of each year, commencing on 15 September 2017. For further details on the senior notes, please refer to the related announcements of the Company dated 9 March 2017, 10 March 2017 and 16 March 2017.

On 29 March 2017, the Company issued additional 6.00% senior notes with an aggregate principal amount of US$100,000,000 (equivalent to approximately RMB672,638,000) (to be consolidated and form a single series with the US$400,000,000 6% senior notes due 2022 issued on 15 March 2017). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 15 September 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 15 March and 15 September of each year commencing on 15 September 2017. For further details on the senior notes, please refer to the related announcements of the Company dated 27 March 2017 and 29 March 2017.

On 21 September 2017, the Company issued 5.20% senior notes with an aggregate principal amount of US$250,000,000 (equivalent to approximately RMB1,646,675,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 21 September 2022. The senior notes carry interest at a rate of 5.20% per annum, which is payable semi-annually in arrears on 21 March and 21 September of each year, commencing on 21 March 2018. For further details on the senior notes, please refer to the related announcements of the Company dated 18 September 2017, 19 September 2017, and 22 September 2017.

On 10 November 2017, the Company issued additional 5.875% senior notes with an aggregate principal amount of US$400,000,000 (equivalent to approximately RMB2,651,280,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 10 November 2024. The senior notes carry interest at a rate of 5.875% per annum, which is payable semi-annually in arrears on 10 May and 10 November of each year commencing on 10 May 2018. For further details on the senior notes, please refer to the related announcements of the Company dated 7 November 2017, 8 November 2017, and 10 November 2017.

13. Interest-bearing Bank and Other Borrowings (Continued)

Notes: (Continued)

(a) (Continued)

On 7 December 2017, the Company issued additional 6.00% senior notes with an aggregate principal amount of US$150,000,000 (equivalent to approximately RMB992,925,000) (to be consolidated and form a single series with the US$400,000,000 6% senior notes due 2022 issued on 15 March 2017, and the US$100,000,000 6% senior notes due 2022 issued on 29 March 2017). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 15 September 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 15 March and 15 September of each year commencing on 15 March 2018. For further details on the senior notes, please refer to the related announcements of the Company dated 27 March 2017, 29 March 2017, 1 December 2017 and 7 December 2017.

On 9 August 2018, the Company issued 7.875% senior notes with an aggregate principal amount of US$350,000,000 (equivalent to approximately RMB2,391,095,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 9 August 2021. The senior notes carry interest at a rate of 7.875% per annum, which is payable semi-annually in arrears on 9 February and 9 August of each year commencing on 9 February 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 31 July 2018, 1 August 2018, and 9 August 2018.

On 26 November 2018, the Company issued 9.85% senior notes with an aggregate principal amount of US$400,000,000 (equivalent to approximately RMB2,778,120,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 26 November 2020. The senior notes carry interest at a rate of 9.85% per annum, which is payable semi-annually in arrears on 26 May and 26 November of each year commencing on 26 May 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 14 November 2018, 15 November 2018, and 26 November 2018.

On 11 December 2018, the Company issued 9.85% senior notes with an aggregate principal amount of US$150,000,000 (equivalent to approximately RMB1,034,940,000) (to be consolidated and form a single series with the US$400,000,000 9.85% senior notes due 2020 issued on 26 November 2018). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 26 November 2020. The senior notes carry interest at a rate of 9.85% per annum, which is payable semi-annually in arrears on 26 May and 26 November of each year commencing on 26 May 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 30 November 2018 and 11 December 2018.

On 1 March 2019, the Company issued 7.875% senior notes with an aggregate principal amount of US$350,000,000 (equivalent to approximately RMB2,343,495,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 1 September 2023. The senior notes carry interest at a rate of 7.875% per annum, which is payable semi-annually in arrears on 1 March and 1 September of each year commencing on 1 September 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 21 February 2019, 22 February 2019 and 1 March 2019.

On 22 March 2019, the Company issued 7.875% senior notes with an aggregate principal amount of US$350,000,000 (equivalent to approximately RMB2,343,040,000) (to be consolidated and form a single series with the US$350,000,000 7.875% senior notes due 2023 issued on 1 March 2019). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 1 September 2023. The senior notes carry interest at a rate of 7.875% per annum, which is payable semi-annually in arrears on 1 March and 1 September of each year commencing on 1 September 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 20 March 2019 and 22 March 2019.

13. Interest-bearing Bank and Other Borrowings (Continued)

Notes: (Continued)

(b) (i) On 17 December 2015, Guangzhou Hejing Holdings Group Limited ("Guangzhou Hejing"), a wholly-owned subsidiary of the Group, issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB3,300,000,000.

The domestic corporate bonds consist of two types, of which the first type has a term of six years and bears a coupon rate at 4.94% per annum with the issuer's option to raise the coupon rate after the end of the third year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 1 Bonds"), and the second type has a term of seven years and bears a coupon rate at 6.15% per annum with the issuer's option to raise the coupon rate after the end of the fifth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 2 Bonds").

The aggregate principal amount for the Type 1 Bonds issued was RMB2,500,000,000 and the aggregate principal amount for the Type 2 Bonds issued was RMB800,000,000.

For further details of the domestic corporate bonds, please refer to the related announcements of the Company dated 15 December 2015 and 16 December 2015.

(b) (ii) On 28 March 2016, Guangzhou Tianjian Real Estate Development Limited ("Guangzhou Tianjian"), a wholly-owned subsidiary of the Group, issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB2,200,000,000.

The domestic corporate bonds consist of two types, of which the first type has a term of six years and bears a coupon rate at 3.90% per annum with the issuer's option to raise the coupon rate after the end of the third year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 3 Bonds"), and the second type has a term of ten years and bears a coupon rate at 4.80% per annum with the issuer's option to raise the coupon rate after the end of the fifth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 4 Bonds").

The aggregate principal amount for the Type 3 Bonds issued was RMB600,000,000 and the aggregate principal amount for the Type 4 Bonds issued was RMB1,600,000,000.

For further details of the domestic corporate bonds, please refer to the related announcements of the Company dated 24 March 2016 and 28 March 2016.

(b) (iii) On 26 April 2016, Guangzhou Tianjian issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB6,500,000,000.

The domestic corporate bonds consist of two types, of which the first type has a term of seven years and bears a coupon rate at 5.60% per annum with the issuer's option to raise the coupon rate after the end of the forth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 5 Bonds"), and the second type has a term of seven years and bears a coupon rate at 5.80% per annum with the issuer's option to raise the coupon rate after the end of the fifth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 6 Bonds").

The aggregate principal amount for the Type 5 Bonds issued was RMB1,000,000,000 and the aggregate principal amount for the Type 6 Bonds issued was RMB5,500,000,000.

For further details of the domestic corporate bonds, please refer to the related announcements of the Company dated 7 April 2016 and 26 April 2016.

13. Interest-bearing Bank and Other Borrowings (Continued)

Notes: (Continued)

(b) (iv) On 21 July 2016, the Company issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB2,000,000,000.

The domestic corporate bonds have a term of five years and bear a coupon rate at 4.85% per annum with the issuer's option to adjust the coupon rate after the end of the third year from the date of issue of the domestic corporate bonds and the investors can exercise retractable option.

For further details of the domestic corporate bonds, please refer to the related announcement of the Company dated 21 July 2016.

(b) (v) On 28 July 2016, the Company issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB1,300,000,000.

The domestic corporate bonds have a term of five years and bear a coupon rate at 4.95% per annum with the issuer's option to adjust the coupon rate after the end of the third year from the date of issue of the domestic corporate bonds and the investor can exercise retractable option.

For further details of the domestic corporate bonds, please refer to the related announcement of the Company dated 28 July 2016.

(b) (vi) On 30 September 2016, the Company issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB8,000,000,000.

The domestic corporate bonds consist of three types, of which the first type has a term of seven years and bears a coupon rate at 5.6% per annum with the issuer's option to adjust the coupon rate after the end of the fourth year from the date of issue of the domestic corporate bonds and the investors' option to sell back to the issuer (the "Type 7 Bonds"), and the second type has a term of seven years and bears a coupon rate at 5.7% per annum with the issuer's option to adjust the coupon rate after the end of the fourth and a half year from the date of issue of the domestic corporate bonds and the investors' option to sell back to the issuer (the "Type 8 Bonds"), and the third type has a term of seven years and bears a coupon rate at 5.8% per annum with the issuer's option to adjust the coupon rate after the end of the fifth year from the date of issue of the domestic corporate bonds and the investors' option to sell back to the issuer (the "Type 9 Bonds").

The aggregate principal amount for Type 7 Bonds issued was RMB2,500,000,000; the aggregate amount for Type 8 Bonds issued was RMB2,500,000,000 and the aggregate amount for Type 9 Bonds issued was RMB3,000,000,000.

For further details of the domestic corporate bonds, please refer to the related announcement of the Company dated 30 September 2016.

(b) (vii) On 26 September 2017, the Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB3,000,000,000.

The domestic corporate bonds consist of two types, of which the first type has a term of five years and bears a coupon rate at 7.85% per annum with the issuer's option to raise the coupon rate after the end of the third year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 10 Bonds"), and the second type has a term of three years and bears a coupon rate at 7.50% per annum with the issuer's option to raise the coupon rate after the end of the second year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 11 Bonds").

The aggregate principal amount for the Type 10 Bonds issued was RMB1,000,000,000 and the aggregate principal amount for the Type 11 Bonds issued was RMB2,000,000,000.

For further details of the domestic corporate bonds, please refer to the related announcements of the Company dated 25 September 2017 and 26 September 2017.

13. Interest-bearing Bank and Other Borrowings (Continued)

Notes: (Continued)

(b) (viii) On 16 October 2017, the Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB3,000,000,000.

The domestic corporate bonds consist of two types, of which the first type has a term of five years and bears a coupon rate at 8.00% per annum with the issuer's option to raise the coupon rate after the end of the third year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 12 Bonds"), and the second type has a term of three years and bears a coupon rate at 7.50% per annum with the issuer's option to raise the coupon rate after the end of the second year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 13 Bonds").

The aggregate principal amount for the Type 12 Bonds issued was RMB840,000,000 and the aggregate principal amount for the Type 13 Bonds issued was RMB2,160,000,000.

For further details of the domestic corporate bonds, please refer to the related announcements of the Company dated 16 October 2017.

(b) (ix) In November 2018, a wholly-owned subsidiary of the Group repurchased the Type 1 Bonds of Guangzhou Hejing with an aggregate principal amount of RMB1,783,026,000.

(b) (x) On 17 December 2018, Guangzhou Hejing redeemed the Type 1 Bonds with an aggregate principal amount of RMB242,213,000.

(b) (xi) From January to March 2019, the Type 1 Bonds of Guangzhou Hejing with an aggregate principal amount of RMB2,025,239,000 were sold to third-party investors.

(b) (xii) On 28 March 2019, Guangzhou Tianjian redeemed the Type 3 Bonds with an aggregate principal amount of RMB600,000,000.

(b) (xiii) In April 2019, a wholly-owned subsidiary of the Group repurchased the Type 3 Bonds of Guangzhou Tianjian with an aggregate principal amount of RMB600,000,000. In May 2019, the Type 3 Bonds of Guangzhou Tianjian with an aggregate principal amount of RMB100,000,000 were sold to third-party investors.

(b) (xiv) In June 2019, a wholly-owned subsidiary of the Group repurchased bonds of the Company issued in July 2016 with an aggregate principal amount of RMB1,721,000,000.

(c) The bank loans carry interests at prevailing market rates ranging from 3.82% to 10.70% per annum for the six months ended 30 June 2019 (year ended 31 December 2018: 3.24% to 11.16% per annum).

14. Share Capital

	As at			
	30 June 2019		31 December 2018	
	No. of shares (Unaudited)	**RMB'000 (Unaudited)**	No. of shares (Audited)	RMB'000 (Audited)
Authorised:				
Ordinary shares of HK$0.10 each	**8,000,000,000**	**786,113**	8,000,000,000	786,113
Issued and fully paid:				
Ordinary shares of HK$0.10 each	**3,174,071,756**	**303,909**	3,174,071,756	303,909

A summary of movements in the Company's issued share capital is as follows:

	Number of shares in issue (Unaudited)	**Issued capital RMB'000 (Unaudited)**	**Share premium account RMB'000 (Unaudited)**	**Treasury Shares RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
At 31 December 2018 and 1 January 2019	**3,174,071,756**	**303,909**	**3,653,876**	**(125)**	**3,957,660**
Shares issued as share award during the period	**—**	**—**	**—**	**125**	**125**
Final dividend declared during the period	**—**	**—**	**(983,962)**	**—**	**(983,962)**
At 30 June 2019	**3,174,071,756**	**303,909**	**2,669,914**	**—**	**2,973,823**

	Number of shares in issue (Unaudited)	Issued capital RMB'000 (Unaudited)	Share premium account RMB'000 (Unaudited)	Treasury Shares RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
1 January 2018	3,155,155,055	302,355	5,295,047	—	5,597,402
Final dividend declared during the period	—	—	(978,098)	—	(978,098)
At 30 June 2018	3,155,155,055	302,355	4,316,949	—	4,619,304

15. Acquisition of a subsidiary

On 4 January 2019, the Group acquired a 60% equity interest in Guangzhou Hengde Education Technology Limited# ("Hengde Education") from a third party. Hengde Education is principally engaged in education. The purchase consideration for the acquisition was RMB5,506,700.

The fair values of the identifiable assets and liabilities of Hengde Education as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment	**46**
Deferred tax assets	**73**
Inventories	**11**
Prepayments, deposits and other receivables	**16,253**
Cash and cash equivalents	**1,723**
Trade and bills payables	**(2,212)**
Other payables and accruals	**(6,648)**
Tax payables	**(68)**
Total identifiable net assets at fair value	**9,178**
Non-controlling interests	**(3,671)**
Satisfied by cash	**5,507**

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	**(5,507)**
Cash and cash equivalents acquired	**1,723**
Net outflow of cash and cash equivalents included in cash flows from investing activities	**(3,784)**

Since the acquisition, Hengde Education did not contribute to the Group's revenue and caused loss of approximately RMB3,375,000 to the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2019.

Had the combination taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the six months ended 30 June 2019 would have been approximately RMB10,647,120,000 and RMB6,177,165,000 respectively.

The English name of this company referred to in this unaudited condensed consolidated interim financial information represents management's best effort to translate the Chinese name of that company, as no English name has been registered.

16. Note to the Consolidated Statement of Cash Flow

Derecognition of subsidiaries

(i) During the six months ended 30 June 2019, the Group entered into the shareholder agreement with Shenzhen Lianxin Investment Management Limited# ("Shenzhen Lianxin"), pursuant to which, Shenzhen Lianxin injected a cash consideration of RMB2,500,000 to obtain 20% of a fully diluted equity interest in Guangxi Lixuan Properties Limited# ("Guangxi Lixuan"), a subsidiary of the Company before the capital injection. Subsequent to the capital injection by Shenzhen Lianxin, all significant resolutions of Guangxi Lixuan, shall be approved by the Group and Shenzhen Lianxin unanimously, hence the Group has no control over Guangxi Lixuan, and accordingly, Guangxi Lixuan is accounted for as a joint venture of the Group thereafter.

Details of the net assets derecognised as at the date of derecognition and the financial impacts are summarised below:

	RMB'000
Net assets derecognised:	
Property under development	1,934,056
Prepayments, deposits and other receivables	1,812
Cash and bank balance	580,547
Trade payables	(5)
Other payables and accruals	(1,937,379)
Interest bearing bank loans	(580,000)
Net assets value derecognised	(969)

An analysis of the net cash outflow of cash and cash equivalents in respect of the derecognition of Guangxi Lixuan is as follows:

	RMB'000
Cash and cash equivalents derecognised	(580,547)
Net cash outflow of cash and cash equivalents in respect of the derecognition of Guangxi Lixuan	(580,547)

The English name of these companies referred to in this unaudited condensed consolidated interim financial informaion represents management's best effort to translate the Chinese name of those companies, as no English names have been registered.

16. Note to the Consolidated Statement of Cash Flow (Continued)

Derecognition of subsidiaries (Continued)

(ii) During the six months ended 30 June 2019, the Group entered into the shareholder agreement with Wukuang International Trust Co., Limited# ("Wukuang Trust"), pursuant to which, Wukuang Trust injected a cash consideration of RMB20,000,000 to obtain 20% of a fully diluted equity interest in Suzhou Fujing Real Estate Development Limited# ("Suzhou Fujing"), a subsidiary of the Company before the capital injection. Subsequent to the capital injection by Wukuang Trust, certain significant resolutions of Suzhou Fujing, shall be approved by Wukuang Trust, hence the Group has no control, but has significant influence over Suzhou Fujing, and accordingly, Suzhou Fujing is accounted for as an associate of the Group thereafter.

Details of the net assets derecognised as at the date of derecognition and the financial impacts are summarised below:

	RMB'000
Net assets derecognised:	
Deferred tax assets	414
Property under development	2,937,093
Prepayments, deposits and other receivables	48,757
Cash and bank balance	7,697
Trade payables	(5)
Other payables and accruals	(2,895,150)
Tax payables	(47)
Net assets value derecognised	98,759
Attributable to non-controlling interest	79,007

An analysis of the net cash inflow of cash and cash equivalents in respect of the derecognition of Suzhou Fujing is as follows:

	RMB'000
Cash consideration received	20,000
Cash and cash equivalents derecognised	(7,697)
Net cash inflow of cash and cash equivalents in respect of the derecognition of Suzhou Fujing	12,303

\# The English name of these companies referred to in this unaudited condensed consolidated interim financial informaion represents management's best effort to translate the Chinese name of those companies, as no English names have been registered.

16. Note to the Consolidated Statement of Cash Flow (Continued)

Derecognition of subsidiaries (Continued)

(iii) During the six months ended 30 June 2019, the Group entered into the shareholder agreement with Shenzhen Tongchuang Group Limited# ("Shenzhen Tongchuang") and Shenzhen Xiaoma Huanteng Investment Development Limited# ("Shenzhen Xiaoma Huanteng"). According to the agreement, all significant resolutions of Shenzhen Chuangshihe Industrial Limited# ("Shenzhen Chuangshihe"), a subsidiary of the Company before entering into the agreement, shall be approved by the Group, Shenzhen Tongchuang and Shenzhen Xiaoma Huanteng unanimously, hence the Group has no control over Shenzhen Chuangshihe, and accordingly, Shenzhen Chuangshihe is accounted for as a joint venture of the Group thereafter.

Details of the net assets derecognised as at the date of derecognition and the financial impacts are summarised below:

	RMB'000
Net assets derecognised:	
Property, plant and equipment	6
Deferred tax assets	2,054
Property under development	3,431,676
Trade receivables	30
Prepayments, deposits and other receivables	758,868
Cash and bank balance	6,055
Trade payables	(31)
Other payables and accruals	(1,103,102)
Interest bearing bank loans	(1,000,000)
Net assets value derecognised	2,095,556
Attributable to non-controlling interest	1,026,822

An analysis of the net cash outflow of cash and cash equivalents in respect of the derecognition of Shenzhen Chuangshihe is as follows:

	RMB'000
Cash and cash equivalents derecognised	(6,055)
Net cash outflow of cash and cash equivalents in respect of the derecognition of Shenzhen Chuangshihe	(6,055)

The English name of these companies referred to in this unaudited condensed consolidated interim financial informaion represents management's best effort to translate the Chinese name of these companies, as no English name have been registered.

16. Note to the Consolidated Statement of Cash Flow (Continued)

Derecognition of subsidiaries (Continued)

(iv) On 10 June 2018, the Group entered into the cooperation agreement with Shanghai Red Star Macalline Property Limited# ("Shanghai Red Star Macalline"). According to the agreement, all significant resolutions of Nantong Nanjing Real Estate Development Limited# ("Nantong Nanjing"), a non-wholly-owned subsidiary of the Company before entering into the agreement, shall be approved by the Group and Shanghai Red Star Macalline unanimously, and hence the Group has no unilateral control, but has joint control over Nantong Nanjing, and accordingly, Nantong Nanjing is accounted for as a joint venture of the Group thereafter.

Details of the net assets derecognised as at the date of derecognition and the financial impacts are summarised below:

	RMB'000
Net assets derecognised:	
Deferred tax assets	1,736
Cash and bank balances	26,058
Properties under development	1,114,493
Prepayments, other receivables and other assets	627,681
Trade payables	(29)
Interest-bearing bank and other borrowings	(532,240)
Other payables and accruals	(140,990)
Net assets value derecognised	1,096,709
Attributable to non-controlling interests	537,387

An analysis of the net cash outflow of cash and cash equivalents in respect of the derecognition of Nantong Nanjing is as follows:

	RMB'000
Cash and cash equivalents derecognised	(26,058)
Net cash outflow of cash and cash equivalents in respect of the derecognition of Nantong Nanjing	(26,058)

The English names of these companies referred to in these financial statements represent management's best effort to translate the Chinese name of those companies, as no English name have been registered.

17. Disposal of a Subsidiary

On 30 June 2018, the Group entered into a share transfer agreement for the disposal of its entire equity interest in a wholly-owned subsidiary for a consideration of RMB1,878,566,000.

Details of the assets disposed of as at the date of disposal under the share transfer agreements and the financial impacts are summarised below:

	RMB'000
Net assets disposed of:	
Trade receivables	60
Deferred tax assets	3,434
Cash and bank balances	5,685
Properties under development	589,157
Investment property	1,397,000
Prepayments, other receivables and other assets	85
Trade payables	(443)
Tax payables	(107)
Deferred tax liabilities	(128,855)
Other payables and accruals	(1,154,818)
	711,198
Gain on disposal of a subsidiary	1,167,368
Satisfied by cash	1,878,566

An analysis of the net cash inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	RMB'000
Cash consideration received	1,878,566
Cash and cash equivalents disposed	(5,685)
Net cash inflow of cash and cash equivalents in respect of the disposal of a subsidiary	1,872,881

18. Contingent Liabilities

(i) As at 30 June 2019, the Group provided guarantees to certain banks in respect of mortgage granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties amounting to approximately RMB12,006,041,000 (31 December 2018: approximately RMB8,117,109,000). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principal together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled, but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the Board considered that in case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements as at 30 June 2019 and 31 December 2018 for the guarantees.

(ii) As at 30 June 2019, the Group had provided guarantees in respect of certain bank loans of approximately RMB19,245,769,000 (31 December 2018: approximately RMB15,736,315,000) for its joint ventures and associates.

19. Commitments

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

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	**618,392**	580,847
Properties being developed by the Group for sale	**8,761,130**	10,045,197
Investment properties	**659,953**	7,366
	10,039,475	10,633,410

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

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Contracted, but not provided for	**6,655,276**	6,636,605

20. Related Party Transactions

(i) Compensation of key management personnel of the Group:

	Six months ended 30 June 2019 RMB'000 (Unaudited)	Six months ended 30 June 2018 RMB'000 (Unaudited)
Short term employee benefits	**20,168**	16,898
Post-employment benefits	**348**	273
Share based compensation expenses	**3,273**	2,012
Total compensation paid to key management personnel	**23,789**	19,183

20. Related Party Transactions (Continued)

(ii) Outstanding balances with related parties:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Included in interests in joint ventures:		
Advances to joint ventures	**16,144,273**	14,998,064
Included in interests in associates:		
Advances to associates	**2,274,665**	2,297,840
Included in current assets:		
Due from a joint venture	**30,058**	30,069
Included in current liabilities:		
Due to associates	**1,038,266**	592,204
Due to joint ventures	**37,488,248**	39,294,914

As at 30 June 2019, except for certain advances to joint ventures with an aggregate amount of approximately RMB3,258,569,000 (31 December 2018: approximately RMB2,908,391,000), which are interest-bearing at rates ranging from 6% to 12% (31 December 2018: 6% to 12%) per annum, the advances to joint ventures as shown above are unsecured, interest-free and not repayable within 12 months.

As at 30 June 2019, except for an aggregate amounts of approximately RMB195,503,000 (31 December 2018: approximately RMB368,742,000), which are interest-bearing at 4.4% to 9.0% (31 December 2018: 4.4% to 9.0%) per annum, the advances to associates as shown above are unsecured, interest-free and not repayable within 12 months.

As at 30 June 2019 and 31 December 2018, the balances with the joint ventures and associates included in the Group's current assets and current liabilities are unsecured, interest-free and have no fixed term of repayment.

(iii) During the six months ended 30 June 2019, the Group leased some properties to related companies, of which an executive director of the Company is the ultimate beneficial owner, for a total cash consideration of approximately RMB1,830,000 (30 June 2018: nil), which was recognised as rental income and management fee income of the Group. The rental income was determined at rates mutually agreed between the Group and the executive director.

(iv) Other transactions with related parties:

Details of guarantees given by the Group to banks in connection with bank loans granted to its joint ventures and associates are included in notes 18(ii) to the unaudited condensed consolidated interim financial information.

21. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts As at 30 June 2019 RMB'000 (Unaudited)	**Fair values As at 30 June 2019 RMB'000 (Unaudited)**	Carrying amounts As at 31 December 2018 RMB'000 (Audited)	Fair values As at 31 December 2018 RMB'000 (Audited)
Financial liabilities				
Interest-bearing bank and other borrowings	**85,961,524**	**86,514,868**	77,782,247	76,707,143

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, lease liabilities, amounts due from/to joint ventures and due to associates approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

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

The Group did not have any financial assets and financial liabilities measured at fair value as at 30 June 2019 and 31 December 2018.

During the six months ended 30 June 2019 and the year ended 31 December 2018, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

21. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

Liabilities for which fair values are disclosed:

As at 30 June 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	**Significant observable inputs (Level 2) RMB'000 (Unaudited)**	**Significant unobservable inputs (Level 3) RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Interest-bearing bank and other borrowings	**—**	**86,514,868**	**—**	**86,514,868**

As at 31 December 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Interest-bearing bank and other borrowings	—	76,707,143	—`	76,707,143

22. Subsequent Events

On 3 July 2019, the Company issued 5.875% senior notes with an aggregate principal amount of US$225,000,000 (equivalent to approximately RMB1,544,400,000) (to be consolidated and form a single series with the US$400,000,000 5.875% senior notes due 2024 issued on 10 November 2017). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 10 November 2024. The senior notes carry interest at a rate of 5.875% per annum, which is payable semi-annually in arrears on 10 May and 10 November of each year commencing on 10 November 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 25 June 2019 and 3 July 2019.

On 29 July 2019, the Company issued 7.4% senior notes with an aggregate principal amount of US$300,000,000 (equivalent to approximately RMB2,064,630,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 5 March 2024. The senior notes carry interest at a rate of 7.4% per annum, which is payable semi-annually in arrears on 5 March and 5 September of each year commencing on 5 September 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 22 July 2019, 23 July 2019, and 29 July 2019.

23. Approval of the Unaudited Condensed Consolidated Interim Financial Information

The unaudited condensed consolidated interim financial information was approved and authorised for issue by the Board on 28 August 2019.